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NEWS SUMMARY

GENERAL

Poland's leaders warn union

Poland's Government said in a State radio broadcast it would have to take the "necessary decisions" to end the wave of strikes.

"Anarchy and chaos are entering the life of the State," the communique said. The Government was obliged to ensure "law and order and discipline," and "to ensure the normal functioning of plants and enterprises."

In Moscow Tass made its strongest attack on Solidarity, the independent union, since Poland's unrest started last summer, accusing it of trying to wreck the economy and destroy socialism. *Solidarity/Government talks,* Page 3

American aid cuts urged

The Reagan Administration's radical Conservative budget director David Stockman proposed that U.S. foreign aid should be cut by more than one third and that military assistance should be given priority over economic and financial help.

But Treasury Secretary, Donald Regan, described the Stockman paper as "a proposal not a policy," and questioned some of its assertions. Back Page

U.S. accused

The Soviet Union accused the U.S. of whipping up anti-Soviet feeling over Moscow's *attitude* to the Iran hostage crisis to cover up plans to maintain U.S. naval forces in the Gulf. Tehran counters hostage accusation, Page 4

Redundancy Bill

The Government will today table a Bill aimed at stopping the national redundancy payments fund from going bankrupt by raising its statutory borrowing limit. Back Page

Jets attack

Israeli jets attacked three Palestinian guerrilla camps in southern Lebanon in response to a rocket attack on a border town in which seven Israelis were hurt.

Waring quits

Eddie Waring will leave his job as the BBC's Rugby League commentator at the end of the season after nearly 30 years. He will continue as BBC Rugby League adviser.

Man recaptured

Colin Blewitt, 20, the only one of six prisoners to remain at large after escaping from a Devon police cell on Wednesday night, was recaptured in Cornwall.

Raided own van

Security Guard Vincent McBean was convicted by 10—2 majority verdict at Newbury Crown Court of masterminding a £385,000 raid on his own cash van. He will be sentenced today.

Tornadoes arrive

Thirteen Tornado multi-role combat aircraft have been delivered to the RAF, which opened a training establishment for its crews at Cottesmore, Leicestershire. Page 11

Nuclear family

A Derbyshire company which has designed a £10,000 underground nuclear shelter offered £750 to a family prepared to spend a fortnight in it.

Briefly . . .

Bomb exploded at a Belfast furniture store, starting fierce fire.

Two businessmen plan to cross the Irish Sea from West Wales to Rosslare on sailboards.

U.S. Senate committee approved Raymond Donovan's nomination as Secretary of Labor.

BUSINESS

Sterling off 1.15c; equities up 3.7

● STERLING fell 1.15 cents to \$2.3975. Against the French franc it rose to a 6½-year high of FFr 11.6850. Its trade-weighted index fell to 81.4 (81.6). Page 28

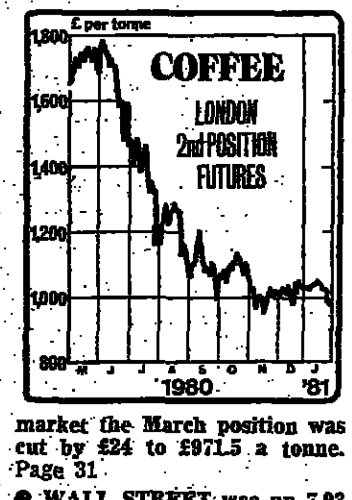
● DOLLAR remained firm, closing at DM 2.0950 (DM 2.0845) and Y204.60 (Y204.40). Its trade-weighted index rose to 88.8 (88.4)—the highest since last April. Page 28

● EQUITIES rallied, encouraged initially by hopes of an early cut in domestic interest rates. The FT 30-share index rose 3.7 to 463.1. Page 32

● GILTS improved with the Government Securities index up 0.24 at 69.09. Page 32

● GOLD fell \$34 to \$490.5 in London. Page 28

● COFFEE prices were depressed by the decline in gold. On the London Robusta futures



market the March position was cut by £24 to £971.5 a tonne. Page 31

● WALL STREET was up 7.93 at 950.51 near the close. Page 30

● IRANIAN OIL EXPORTS have surged following the end of the U.S. hostage crisis. Royal Dutch/Shell is the first major Western oil company to return to Iran.

● EEC was urged to set up an industrial development fund to help co-ordinate support for high technology industries. Page 11

● TURKEY has reached agreement with a number of international banks on easing repayment terms of a £1.3bn commercial loan. Back Page

● STEEL IMPORTS to the U.S. fell sharply last year, from 17.5m tons to 15.5m, but importers increased their market share. Page 8

● CHRYSLER will not be able to meet its Monday deadline for satisfying conditions which would lead to the release of \$400m (£167m) in loan guarantees. Page 4

● KLM ROYAL DUTCH AIRLINES reported a net loss of Fl 3.4m (£630,000) in the three months ended in December, compared with a Fl 11.9m loss *the previous year. Page 26*

● RETAIL PRICE INFLATION in the UK is expected to fall to an annual rate of 10½ per cent by the end of this year and 6½ to 7½ per cent in 1983-85, says Economist Intelligence Unit forecast. Page 11

COMPANIES

● SIR HUGH FRASER, deposed chairman of House of Fraser, plans not to become chairman of the group's flagship, Harrods of Knightsbridge, as had been intended next month. Page 9

● AIRFIX INDUSTRIES, the troubled toy manufacturer, was forced by its bankers to call in the receivers. Lex, Back Page; Background: Page 10

● THOMAS BORTHWICK and Sons, Britain's largest international meat trader, has agreed *in principle* with its bankers for continued financial support. Page 22

● RACAL ELECTRONICS increased its pre-tax profits to £26.5m *(£25.2m) for the six* months to October 10, in spite of a £5.2m loss on the Decca businesses which it bought last spring. Back Page and Lex; Details: Page 22

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:		
Excheq. 11¾pc '84	£95¾	+ ⅜
Allied Textile	127	+ 11
Avana	198	+ 6
Barget	132	+ 14
Eva Inds.	41	+ 4
Grattan Warehouses	64	+ 6
Hawker Siddeley	250	+ 6
Kitchen (Rbt. Tlr.)	128	+ 18
Lec Refrigeration	97	+ 7
Lincroft Kilgour	27	+ 4
Macarthy's Phar.	136	+ 9
Marler Estates	74	+ 6
Metal Box	164	+ 6
Muirhead	101	+ 13
Plessey	280	+ 5
Racal Electronics	310	+ 4
Robertson Foods	144	+ 3
Saga Holidays	263	+ 10
Tube Invests.	164	+ 6
Floyd Oil	135	+ 12
Kuala Kepong	115	+ 6
FALLS:		
Aurora	24	− 3
Duport	7	− 7
Friedland Doggart	69	− 4
Holden (A.)	86	− 6
Irish Distillers	50	− 5
Lonsdale Universal	37	− 8
Sothebys	427	− 18
Anglo-Am. Gold	£34¼	− 2
Anglo-Am. Invest.	£36¾	− 1¾
FS Geduld	£18¾	− 1⅝
Gold Fields SA	£25	− 2⅛
Hartebeest	£23¾	− 1¾
West Driefontein	£26¾	− 1¼
Western Deep	£19¼	− 2¼
Western Hldgs.	£25¾	− 1⅝

Tebbit backs 200,000 car a year project to be in production by 1984

Nissan plans to build UK plant

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

NISSAN, which makes Datsun cars and is the second largest Japanese car manufacturer, plans to spend between £200m and £300m on a large car plant in Britain.

The investment would be the largest by Nissan outside Japan, and probably the largest of any kind by a Japanese manufacturer in Europe.

The group is looking for an 800-acre "green field" site in a development or special development area for a plant to produce 200,000 cars a year, and employ between 4,000 and 5,000 when in full production.

Nissan said it hoped to start up the plant in 1984, and use 60 per cent of British or Continental components by value. By 1986 this should rise to 80 per cent, and the plant will be manufacturing, not just assembling, engines and transaxles.

The scope of the project *suggests* that Nissan will be able to supply much of European demand from the plant, which should in theory lead to a dramatic drop in its car shipments from Japan.

For this reason the plan met with a cautious welcome from the European car-makers who believe they have little to fear from Japanese companies providing the Japanese face the costs and industrial relations difficulties common in the Western industry.

There was a warm welcome to the project from Mr. Norman Tebbit, the Industry Minister, yesterday. Nissan was first approached by the Government, which has been seeking inward investment by the Japanese.

Serious talks have been under way since November, and now that Nissan has established that the Government is in favour it will make a feasibility study lasting about four months.

Mr. Tebbit stressed last night that the two crucial factors in Nissan's decision would be the competitiveness of the British component manufacturers and the prospects of establishing a good structure for industrial relations.

However, it is known that the Japanese are very sensitive to public reaction, and too much vocal opposition could cause Nissan to withdraw even at this stage.

BL, which was promised a *further £990m of State cash* earlier this week, had been informed, said Mr. Tebbit, and had raised no objection. This is likely to remain BL's formal stance, but privately senior managers are angry about the proposals.

Mr. Tebbit rejected suggestions that the arrival of Nissan

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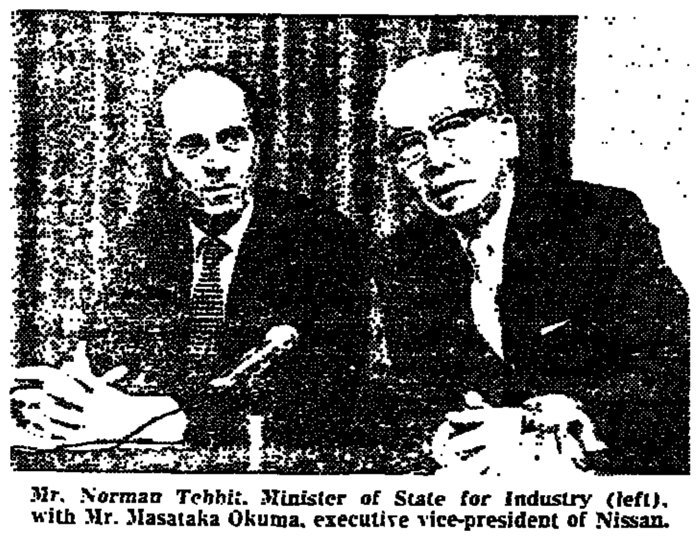
Little joy in EEC-Japan talks, Page 8
Redundancies sought, Page 9



Mr. Norman Tebbit, Minister of State for Industry (left), with Mr. Masataka Okuma, executive vice-president of Nissan.

Proposal meets with favourable response

FINANCIAL TIMES REPORTER

NISSAN'S proposals were widely welcomed by MPs, although there were anxious queries from back benchers with constituency interests in the motor industry.

Trade union reaction was mostly favourable, though there was apprehension about possible repercussions for UK motor manufacturers.

In the Commons, Mr. Stan Orme, *Opposition Industry* Spokesman, quickly had to change his initial apparently hostile attitude when Labour MPs urged Nissan to build a *factory in their particular area* of high unemployment.

The indications were that a future Labour Government would accept any deal done with Nissan.

Tory MPs from the Midlands and North west feared the possible impact on BL and Talbot. They wanted guarantees of maximum UK manufacturing input.

The other worry was whether cars from the new factory would hit sales of other home built cars. Mr. Norman Tebbit, *Minister of State, Industry,* said they were "substantially going to replace imports without our manufacturers throwing in the towel."

Mr. Len Murray, TUC general secretary, said union experience of Japanese investment had "generally been very favourable because clear understandings have been reached on such questions as the sourcing of components, export potential and industrial relations procedures."

Mr. Terry Duffy, president of the Amalgamated Union of Engineering Workers, said the

Continued on Back Page
MPs react favourably, Page 12

Government aid could be £100m

By John Elliott, Industrial Editor

GRANTS and loans of £50m to £100m will be available to Nissan to encourage it to build its car factory in the UK, subject to negotiation with the Government, local authorities and the European Commission.

This will basically be made up of automatic and selective regional aid, plus special selective assistance which countries offer to "internationally mobile" projects. There are other inducements which can be offered locally, as well as EEC grants and loans.

Precise figures are unavailable because the site has not been chosen. Land costs cannot be assessed. The company has yet to negotiate selective aid arrangements with the Government.

Automatic regional aid of 22 per cent of the cost of buildings, plant and machinery in special development areas such as Teesside and Wales (15 per cent in other assisted areas) could provide up to £90m if the final investment is, as expected, *nearer £300m than £200m.*

Selective aid for regional and inward investment purposes could be allocated under Sections 7 and 8 of the 1972 *Industry Act, providing perhaps* 10 to 15 per cent of the cost —say £30m. The Government has to be persuaded that a project would not go ahead without this extra financial carrot. It might argue that this criterion can no longer be satisfied as Nissan has gone a long way to committing itself to the UK.

Nissan could defeat this argument by threatening to go elsewhere—several countries are likely to design competitive aid packages to tempt the company away from the UK in the next few weeks.

Some aid could be recouped later by the British Government from the EEC's regional fund. The European Coal and Steel Community provides generous loans in coal and steel closure areas (such as Teesside and Wales) and the European Investment Bank is anxious to increase the size of its cheap loans to the private sector.

In addition, 80 per cent of training costs are recoverable jointly from the EEC and the British Government by companies settling in development *areas. There are infrastructure* support schemes covering items such as road and rail links, and local authorities are likely to be generous about providing cheap *land, maybe even at no cost.*

Yesterday's announcement is seen in Whitehall as a significant coup for the Industry Department's Invest in Britain Bureau which was tolerated only reluctantly by Sir Keith Joseph, Industry Secretary, after the election.

Spanish Prime Minister resigns

By Robert Graham in Madrid

SR. ADOLFO SUREZ, Spain's longest-serving Prime Minister this century, last night announced his resignation as head of Government and as leader of the ruling Union de Centro Democratico.

His resignation took the country and all but his closest aides by surprise. He is the man who presided over the transition from the Franco dictatorship to democracy.

In trying to chose a new leader against a background *of serious internal strife in* the ruling party and deep economic recession, democratic Spain faces its greatest political challenge.

Sr. Suarez, 48, who was appointed Premier on July 3, 1976, presented his "irrevocable" resignation to the king just after 4 pm yesterday. One hour later the Premier told the Cabinet of his decision, which provd emotional for several colleagues.

Later he made a nationwide television and radio address. Sr. Suarez said his decision had not been easy but he felt that it was more beneficial that he should go rather than stay.

"No one has asked me to go," he said, but then bitterly attacked those who have been conducting a mounting series of personal campaigns against his leadership.

He gave little real indication of the complex series of reasons thought to be behind his move. At least three main considerations have prompted him to act. First, a substantial group in his own party has sought to undermine his leadership. These attacks were expected to come to a head at the second Union de Centro Democratico congress to be held in Palma this week.

The congress was cancelled at the last minute on Tuesday because, it was said, an air-controllers' go-slow made travel to Majorca difficult.

Second, Sr. Suarez was reportedly incensed by the criticism directed against him when in fact he was not the one who took the decision.

Third, his resignation must be seen against the visit next week by King Juan Carlos to the Basque country. This will be the first time that the monarch has visited t he *Basque country officially and*

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Wages agreement reached, Page 3

Foot attacks conference decision

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

MR. MICHAEL FOOT, the Labour leader, last night declared his willingness to challenge at this year's Party conference the system for electing the Labour leader agreed last Saturday.

He told Labour MPs that the outcome had been unsatisfactory "for the future health of the Party," and objectionable to the Parliamentary Party in particular. The Shadow Cabinet would, he promised, bring forward proposals shortly to change the formula which gives the trade unions the biggest say in electing the leader.

His decision came amid signs that a majority of Labour MPs are ready to paper over their differences and unite in a bid to raise their shattered morale.

It means that Mr. Foot, who was elected to unite the Party, is on a collision course with the far Left, and that the party is in danger of continuing what Mr. Peter Shore, the Shadow Chancellor, described last night as "the Roman spectacle of a great party tearing itself to pieces."

The Shadow Cabinet is to meet shortly to decide precisely what formula to recommend to the *Parliamentary Party.*

It is likely that it will go back to the idea it supported before Saturday's conference of giving MPs half the votes in electing a leader.

Last night MPs applauded Mr. Foot and were clearly relieved that he seemed prepared to stand up and fight. Many have been appalled by last Saturday's decision and have been frightened that if the present formula could seriously damage Labour's electoral chances and improve the prospect of a Social Democratic breakaway.

With a number of the big unions, which control the votes at conference, equally embarrassed by the decision, Mr. Foot hopes that a formula may be agreed this October which would give Labour MPs the biggest share in an electoral college.

Mr. Foot is also hoping that his stance may minimise the number of defections to the Council for Social Democracy. But it is unlikely that any of the standard bearers of the Social Democratic splinter group will pull back from the brink.

The Council is to launch a major fund raising and membership campaign next week.

There is also a strong possibility that Mrs. Shirley Williams, who Mr. Foot would dearly like to keep in the Party, will soon announce her resignation from the National Executive Committee.

The move to overturn the conference decision has been gathering momentum all week. Yesterday, before Mr. Foot's formal declaration, 150 MPs had declared their belief that the conference vote should be changed.

In a call for unity, signed by members of the Left-wing Tribune Group as well as moderates, the MPs criticised all those seeking to divide the party and reaffirmed their commitment to a broadly based party committed to Parliamentary democracy.

In a similar vein, Mr. Peter Shore, speaking last night at the end of what was he described as an "appalling week" for the Labour Party, he called on the "great mass of sane and tolerant members to rally behind their leader."

Politics Today, Page 21

Price of gold falls to $490.5

BY DAVID MARSH IN LONDON AND STEWART FLEMING IN FRANKFURT

THE GOLD price yesterday fell below \$500 per ounce for the first time since last May as the dollar made further widespread gains on European foreign exchanges.

Heavy selling pushed gold to a London close of \$490.5 per ounce, \$34 down from Wednesday. This makes a decline of \$82 this week. Losses extended to platinum and silver prices.

Bullion dealers report a swing of market sentiment against gold, spurred mainly by the end of the hostage crisis in Iran and by the prospect that U.S. interest rates will remain high for several months.

Underlining the inverse link with the gold price, the dollar reached its highest level since last April on the basis of its Bank of England trade-weighted index. It closed at 88.8 against 88.4 on Wednesday. This shows a rise of 3 per cent since the start of the year.

In London the dollar climbed to its highest level against the Deutschemark for 2½ years, closing at DM 2.0950 (DM 2.0845). It gained against the Swiss franc also.

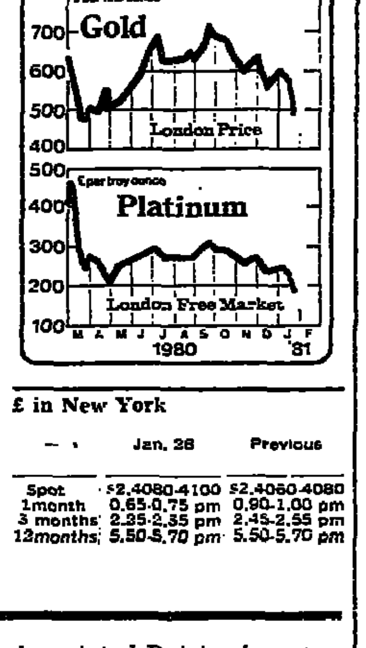
Sterling dropped 1.15 cents to \$2.3975, but was generally firm against Continental currencies. Its trade-weighted index fell slightly to 81.4 from 81.6.

The FT gold mines index dropped 24.2 points to 281.4—roughly half its peak level last September.

John Edwards writes: The London price of free market *platinum dropped by £11.50 to* £185.60 a troy ounce—the lowest level for 16 months. The silver spot quotation was cut by 16.85p to 542.95p a troy ounce at the *morning fixing and declined to* 535.5p in afternoon trading.

Copper and cash wirebars lost £11 to £757 a tonne, and cash lead was £10.25 lower at £273.75

Money markets, Page 28



£ in New York

—	Jan. 28	Previous
Spot	\$2.4080-4100	\$2.4060-4080
1 month	0.65-0.75 pm	0.90-1.00 pm
3 months	2.25-2.35 pm	2.45-2.55 pm
12 months	5.50-5.70 pm	5.50-5.70 pm

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Polish PM to begin talks on Solidarity's demands

BY CHRISTOPHER BOBINSKI IN RZESZOW

THE POLISH Prime Minister, Mr. Josef Pinkowski, will start talks in Warsaw today with Solidarity, the independent trade union "in the light of the serious situation in the country." The Government invitation came during a meeting in Rzeszow yesterday between Solidarity's national committee and Mr. Stanislaw Ciosek, Minister in charge of relations with the unions.

During yesterday's talks, which were held in a building occupied by 300 farmers demanding recognition of their right to organise a trade union, Solidarity explained to Mr. Ciosek that three important issues had to be discussed.

These were: the right of private farmers to establish their own union; access for Solidarity to the mass media; and the conflict over Saturday working which prompted the present wave of industrial action.

Agreement is likely on the Saturday issue but the party leadership will have to make significant policy shifts if the union is to be satisfied on the other two.

Solidarity has called a one-hour national protest stoppage next week but has offered to abandon it if satisfactory progress is made on its three demands.

Mr. Ciosek went to Rzeszow yesterday morning to see the farmers and talk to Solidarity's national committee. But it was evident that he had been instructed to begin negotiations on the Saturday working issue alone. He also had to consult Warsaw on whether they could include the other two questions.

Mr. Ciosek came back with the answer that the Government "considers the Saturday issue as the most important but does not exclude talks on other topics connected with the political and social situation."

Solidarity's leaders viewed this as a gesture of goodwill and a delegation led by Mr. Lech Walesa, the union's head, will meet Mr. Pinkowski today.

Brussels delays farm proposals

BY JOHN WYLES IN BRUSSELS

THE EUROPEAN Commission has decided to delay until February 18 final decisions on its eagerly awaited proposals for raising guaranteed prices under the common agricultural policy (CAP).

The price package had been expecte dto emerg from the Commission's meeting next Wednesday. However, with a new Agriculture Commissioner, Mr. Poul Dalsager needing as much time as possible to settle into his job, and with the Agriculture Council postponed until February 23, the Commission has decided to take its time producing possibly the most vital set of proposals in its history.

Th eCommission looks likely to commit itself to the principle that the price rises for the EC's 9m farmers must be paid for out of cuts total CAP spending. Farm Ministers may even accept this principle, but there are severe doubts whether they can agree economies to cover the 10 per cent or so average price increases they are expected to endorse.

There seems a general desire within the Commission to include in its proposals some reforms upon which can be based a gradual containment and rol-back over the next few years of the CAP's costs.

Some member Governments will support this, but their Farm Ministers are still under intense pressure to grant generous price rises because their farmers are being severely squeezed by inflation and high interest rates.

Moreover, there appears to be enough spare mercy in the EEC budget to finance double digit price rises this year without exhausting total revenues. This takes some of the pressure off member Governments to produce a self-financing farm package.

The Commission agreed yesterday that an *ad hoc* group of its 14-members would examine possible reforms of the CAP in the context of the EEC's aim of restructuring its budget to free resources for other policies.

Stockholm cuts grant to local authorities

By William Dullforce in Stockholm

THE SWEDISH Government is reducing the money it allocates to local authorities by SKr 2.8bn (£256m) during the 1981-82 budget year. This is the first of the spending cuts promised earlier this month in a budget projecting a record deficit of over SKr 67bn.

The net reduction in spending, however, will be only SKr 1.7bn, as the Government decided to proceed with a tax equalisation measure which will add SKr 1.1bn to coal authority coffers.

Mr. Thorbjörn Fälldin, the Prime Minister, has also said the Government cannot prevent authorities from increasing local taxes to meet the shortfall.

The three-party coalition Government is under strong pressure to take firmer action in the next few days to reduce the budget deficit in order to relieve the pressure on the Swedish krona.

Mr. Ola Ullsten, the Foreign Minister and Liberal party leader, has listed 20 emergency measures for Cabinet consideration.

The krona remained more or less stable yesterday on both the spot and forward markets after firming in the morning but weakening against other currencies in the afternoon. Stockholm bankers reported only minor support by the central bank.

Dutch refuse credits for Taiwan submarines

BY OUR AMSTERDAM CORRESPONDENT

THE DUTCH Government is not prepared to guarantee risks attached to the delivery of submarines to Taiwan, Mr. Dries van Agt, the Prime Minister, told Parliament yesterday.

The Government has approved an export licence for the deal, if it goes through, but wants no further involvement as the Netherlands does not recognise Taiwan.

Rijn-Schelde-Verolme, the Dutch shipyard which hopes to sell the submarines and power-generating equipment to the Tapei Government, has applied to the Netherlands Credit Insurance Company for export credit cover. The company normally provides cover for commercial risks but re-insures political risks with the Government. This the Government is not prepared to do in this case, Mr. van Agt said.

The shipyard still has to sign the Fl 1bn (£186m) contract with Taiwan.

Parliament was also yesterday given details of Dutch trading links with China in a confidential letter from Mr. Gijs van Aardenne, the Economics Minister. China had threatened to reduce diplomatic contacts to the level of chargé d'affaires, and has also begun economic sanctions.

Parliament began its second debate of the Taiwan issue yesterday, although a vote is not expected until next week, probably on Tuesday. In December, MPs voted by 76 to 74 in favour of the deal, although some have since expressed concern at the strengh of China's reaction.

The outcome of the debate hinges on Mr. van Agt's Christian Democratic Party, the senior of the two coalition partners. The party's conservative and progressive wings have frequently split in the past in important debates, although the Government has always found a compromise and won majority support.

The left-wing Opposition parties oppose the deal, while the Liberals, the smaller government party, favour it.

The hidden world of arms makers

BY CHARLES BATCHELOR IN AMSTERDAM

THE ROW between the Netherlands and China over the sale of submarines to Taiwan has focused attention on a little-known area of the Dutch economy—the armaments industry.

Dutch arms manufacturers like to keep a low profile in view of public sensitivity about defence and Dutch foreign policy's strong pacifist line. This desire for secrecy is helped by the fact that many weapons manufacturers earn most of their revenue from non-military sales.

Arms sales nevertheless contribute significantly to some big companies' turnover, while compensation deals are also growing in importance. The Dutch have been increasingly successful in persuading foreign countries to "compensate" for the value of equipment bought abroad by placing orders in the Netherlands.

The Dutch military industrial complex is based on four companies working either individually or together. They are the electrical group Philips, the shipbuilder and engineering group embroiled in the Taiwan rumpus Rijn-Schelde-Verolme (RSV), the aircraft builder Fokker, and the commercial vehicle maker Daf Trucks. This list is by no means exhaustive, however, and several other companies regularly do defence work.

RSV can build advanced naval vessels and has played a big role in turning the Dutch navy into one of the most modern in the North Atlantic Treaty Organisation, in the view of many naval officers. The naval division's turnover in 1979 reached Fl 600m (£111m)—nearly a quarter of total sales—and made a sizeable contribution to profits.

RSV is now building 12 frigates for the Dutch navy, as well as two advanced conventionally powered submarines. The company is completing a series of corvettes for Indonesia, and hopes the Dutch navy will soon order four multi-purpose frigates.

RSV is working jointly with Fokker, Philips and the Philips subsidiary Hollandse Signaal Apparaten on a prospect called "Maritime Guard" which would help countries defend

Mr. van Agt: loosened the reins.

their 200-mile coastal limits. In addition, RSV's electrical division makes mobile communications systems, while the industrial products division supplies components for the West German Leopard II tank and the M109 howitzer.

Further evidence of Dutch maritime power is the participation of Van der Giessen-De Noord, a smaller shipyard, in a three-nation partnership to build 45 glassfibre-hulled mine sweepers. The Dutch navy will take 15, with the remainder going to Belgium and France.

Fokker makes primarily civil aircraft, but is also committed to military programmes, the main one being its share in building the General Dynamics F-16 fighter. Fokker is building fuselages and wing parts for the new Atlantic Alliance fighter, and is assembling the 124 aircraft ordered by the Dutch airforce.

Hollandse Signaal Apparaten, the Philips' subsidiary, specialise in making radar and fire-control equipment, while Philips' electronics expertise also has military applications. Oude Delft supplies military optical equipment, and— Daf Trucks makes military trucks and half-tracks as well as components for the Leopard II tank and aircraft landing gear parts.

Dutch industry and the Defence Ministry are keen to increase co-operation so that industry can plan ahead and defence projects can be carried out as cheaply and effectively as possible. The Netherlands Aerospace Group — comprising 30 or so companies—has been set up to co-ordinate projects and give smaller companies the chance to take "compensation" orders.

The politicians have attempted to exercise control over the business community, and have banned exports to areas of tension or potential tension. Sales to countries with poor human rights records are also carefully scrutinised.

But the centre-right Government of Mr. Dries Van Agt has loosened the reins somewhat — for a Left-wing administration to sell Taiwan submarines would be unthinkable. Only last week, the Government announced it had allowed West Germany to buy electronic equipment for submarines destined for Argentina.

The Dutch Government faces a dilemma. Defence industries can contribute significantly to the development of technology. Many companies which do defence work are expected to be in the van of the Dutch drive to renew its industrial structure.

Optimism on W. German current account deficit

BY JONATHAN CARR IN BONN

WEST GERMANY'S current account deficit may be cut by nearly one-third this year to around DM 20bn (£4bn) according to a report released today by the IFO Economic Institute of Munich.

IFO expects the key factor in the improvement to be a marked increase in the visible trade surplus, combined with slightly smaler deficits on services (such as West German tourist payments abroad) and transfers (including sums sent home by foreign workers in the country).

Only a few months ago, the report's conclusions would have aroused little surprise. But today they are likely to be widely regarded as optimistic. Even the Government, in its annual economic report released on Wednesday, said it expected a current account deficit of DM 22bn-DM 25bn after a figure of close to D M30bn last year.

However, IFO has a good record — fo rexample in being among the first to predict West Germany's swing into a current acount deficit of about DM 10bn in 1979.

IFO argues that this year the surplus on visible trade is likely almost to double to DM 16bn from DM 8.5bn in 1980. This, it says, will be due partly to an expected improvement in the terms of trade and partly to the already increased price competitiveness of West German exports.

The report notes that between the first quarter of 1979 and the third quarter of 1980, the Deutsche Mark devalued in real terms by 26 per cent against the pound, 13 per cent against the lira, 10 per cent against the French franc and 6 per cent against the dollar — all currencies of key trading partners.

This increased competitiveness is already showing in trade exchanges with France and Britain, IFO says, and should gradually become more apparent.

On the import side, IFO agrees that a question mark remains over the future of oil prices. But it notes that the price trend of other key raw materials has been downwards since last October. IFO believes this trend is unlikely to be reversed in view of the current economic stagnation in most key countries exporting to West Germany.

Coalition parties agree on industrial democracy Bill

BY ROGER BOYES IN BONN

WEST GERMANY'S ruling Social Democrat and Free Democrat parties have managed to settle, or at least smother, their differences over a proposed new law regulating industrial democracy in the steel industry. These have been threatening to provoke a serious row within their governing coalition.

The issue has proved one of the toughest bones of contention between the two parties since early last year when the Mannesmann Steel engineering concern decided to restructure itself and thus escape strict parity rules governing worker and shareholder representation on supervisory boards of steel and coal producers.

The Free Democrats argued that Mannesmann was free to restructure as it wished. The Social Democrats, backed by the unions, maintained that a company should not be allowed to reduce worker participation on the board by internal reorganisation.

Mannesmann claimed it was merging its pipe and steel divisions essentially for economic reasons and was not aiming to duck legislation. In any case, it would still be bound by a 1976 Act providing for worker participation, but in a more flexible form.

The matter proved too hot to handle before last October's election and, since then, the coalition parties have struggled to find a mutually acceptable formula for the new law. The original compromise Bill in December was two-pronged. In the first place, ceasing to be a major steel producer would not release a company from the strict-parity rules for six years. Second, union representatives on the board would have to be voted in and not simply be nodded through by the unions.

The problem has been that this needed a further set of compromises to answer the outstanding question. Moreover, the proposed Bill must be drafted and passed before June if the legislation is to bind Mannesmann before the company can proceed with its intended restructuring.

The key point of the new compromise is that if only one union candidate is put up for the board then he must win an absolute majority from the voting workers. The aim — essentially a Free Democrat plan to democratise the workers' representation — is to prevent workers being offered no choice by the unions.

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John Wyles in Brussels assesses the sudden importance the Community is attaching to overseas policy

Why the Europeans turned their gaze on foreign parts

ADAPTING A venerable political tactic to somewhat different circumstances, the European Community appears increasingly attracted to the idea of a "foreign adventure" to distract attention from internal divisions and weaknesses. Classically, such an adventure might involve a measure of violence. But Europe's leaders have in mind a gentler excursion: an attempt to give new coherence and authority to the Community's foreign policy. The past 10 days have seen two major speeches by European foreign ministers—Herr Hans Dietrich Genscher of West Germany and Sig. Emilio Colombo of Italy—as well as remarks by President Valery Giscard d'Estaing of France which indicate an initiative may not be too far distant.

It may be cynical, but it is also true that the likelihood of a new move is strengthened by the imminence of a lengthy, damaging and highly divisive row over budget restructuring and the Common Agricultural Policy. The first shots will be exchanged later in the year. Some Commission officials in Brussels, however, find it sad that at this time member Governments are thinking more of the Community's external relations and less of internal developments for strengthening the Community.

But the lack of new ideas for internal development partly reflects the fact that Foreign Ministers have overall responsibility for Community affairs. Professionally, they are simply more interested in external relations.

Community heads of government now look virtually certain to have some kind of discussion on ideas now being floated when they meet in the Netherlands on March 23-24.

They may focus on:

- Herr Genscher's idea for a new treaty on European union:
- Sig. Colombo's call for tighter defence links;
- Lord Carrington, the British Foreign Secretary's ideas for new institutional backing for foreign policy.

Until Herr Genscher elaborates a little on his idea for a European union treaty it appears to be not much more than an exercise in political symbolism. But this could still be valuable. At a time of internal difficulties, it would be no bad thing for the Ten to remind themselves, through a new declaration, of the achievements of the past 24 years. It would also be useful to obtain a re-dedication to some of the ideals of deeper political integration, as well as a general statement of objectives for the next 25 years.

Such a treaty could include some affirmation of the need to stick together in an increasingly difficult and hostile world, although Herr Genscher has not made clear how he would like the treaty to contribute towards a more integrated foreign policy. The suggestion from Bonn is that debating and negotiating the treaty would in any case remind the Ten of their need for each other and for more coherent and consistent action abroad.

Lord Carrington, left, and Herr Genscher: trying for new coherence and authority.

Sig. Colombo's call for tighter defence links is not seen as a revival of the European Defence Community, which was stillborn in the mid-1950s. Neither is it seen as any kind of threat to North Atlantic Treaty Organisation membership. Rather, it acknowledges that the Community and the U.S. have common but separate interests in defence and disarmament, and that Europe really ought to spend more time and effort defining them. Among other things, this might then improve the quality of the dialogue within the Atlantic Alliance.

It is no coincidence that Sig. Colombo's speech came within a week of Herr Genscher's visit to Rome. The shrewd Italian Minister may well have realised that Bonn has become irritated by the frequency and difficulty of the Community's internal problems. There is no question of discarding the Community. But there is a feeling, say West German diplomats, that Bonn, the Community's paymaster, may not be ready to carry the financial burden of any new common policies unless it believes the Community will carry greater authority and conviction in world affairs.

As for Lord Carrington's ideas for institutional backing for foreign policy, foreign policy does not feature in the Rome Treaties, and is thus not served by any Community institution. Foreign policy discussions, known as political co-operation, are prepared by a committee of political directors drawn from the foreign offices of the Ten. Although surprisingly efficient, these arrangements would prove inadequate if foreign policy co-operation is to intensify and expand to include strategic discussions.

President Giscard this week said he thought political co-operation must improve. Assuming he is re-elected in April or May, he may then be ready to set up a new structure, although it remains to be seen whether he will continue to insist that any new institution, however small, must be based in Paris.

Irrespective of any institutional underpinning for foreign policy, Lord Carrington's call for a mechanism to ensure consultation between the Ten in an international crisis—such as the Russian invasion of Afghanistan — seems sure to gain ground this year.

One other reason why the Community is increasingly interested in securing a foreign policy identity is undoubtedly the confidence it has gained through its so-called Middle East peace initiative. Member states have been surprised over the past 12 months by the extent to which they have pushed forward the frontiers of agreement and problem-solving between themselves.

As far as many diplomats are concerned, this confidence building alone will have made the Middle East effort worthwhile, even if it ultimately fizzles out in failure and disillusion.

Dollar's rise brings problems for Italy in its wake

BY JAMES BUXTON IN ROME

THE CONTINUING rise of the U.S. dollar, now standing at record levels against the Italian lira, is causing serious problems for Italy's monetary and economic authorities. Yesterday, the dollar rose again to L991 while sterling was at a new high of L2,384. A yea rago the figure was L804 against the dollar.

The rise of the dollar makes Italy's imports, of which some 45 per cent are paid for in dollars, more expensive. Of these, the biggest item is oil, imports of which are expected to cost about L24bn (£100m) this year, compared with about L16bn (£67m) last year.

Partly because of the rising cost of imports, and partly because the Government slowed its economic growth last year much later than other industrial countries, Italy recorded a balance of payments deficit of L6,558bn (£2.75bn) in 1980, compared with a surplus of L1,824bn (£765m) in 1979. The trade deficit for the year is estimated at just under L19,000bn (£7.96bn).

The Italian authorities are using a tight credit squeeze to correct the external deficits and reduce inflation, which ended 1980 at an annual rate of 21 per cent. Nil economic growth is expected this year compared with a growth rate of between 3.5 and 4 per cent last year.

But this strategy is now having to cope with the inexorable rise in the cost of a large part of Italy's imports, while the relative weakness of the Deutsche mark does not help the country's exports to West Germany, which takes 20 per cent of Italian exports.

Until last year's strengthening of the dollar the bank of Italy could enjoy seeing it depreciate against the lira, thus making imports a little cheaper, while it devalued marginally against the Deutsche mark, thus giving a competitive edge to Italian exports in Northern Europe.

This situation no longer applies. Now the Italian authorities are debating whether to make a small devaluation of the lira within the European monetary system, by moving down the 6 per cent wide fluctuation band in which the currency is allowed to move. This, however, would accentuate the lira's depreciation against the dollar.

Nevertheless, it is a policy advocated within the Government by Sig. Giorgio La Malfa, the Minister of the Budget. He would like it to be accompanied by increased Government spending, financed by borrowing overseas.

On the other hand, Sig. Nino Andreatta, the Treasury Minister, advocates a still tighter credit squeeze to hold down demand and thus reduce the growth of imports. This would not be politically attractive.

Sig. La Malfa . . . pressing for devaluation.

The acute pressures caused by the dollar's use and the relative softness of the Deutsch-Mark have also forced Government Ministers to focus on longer term problems. Italy's lack of a coherent energy policy has lately become urgent, for a country which depends on imports for almost all its power generation.

It has been emphasised in recent weeks by occasional power cuts due to a combination of factors including power workers' strikes and difficulties in unloading oil at seaside power stations due to bad weather. But the basic problem is the country's shortage of power generating capacity in relation to consumption, caused in part by obstruction of the building of nuclear power stations.

Severe drought threatens Portugal's power supplies

BY DIANA SMITH IN LISBON

THE WORST drought in 30 years has brought Portugal's hydroelectric supplies to a critical point. The Government has called on industry to cut its electricity consumption by 20 per cent, and has asked municipal authorities not to switch on street lighting until half an hour after sunset and to switch it off half an hour before sunrise. Neon advertising is also to be reduced.

If there is no steady rainfall within the next fortnight, regular blackouts may have to be introduced.

Hydroelectricity accounts for 60 per cent of Portugal's annual capacity of just under 4,000 MW. Most big dams are on rivers shared with Spain, which has also suffered a severe drought and is drawing heavily on its hydroelectric capacity, thereby compounding Portugal's problems.

In years when only Portugal has suffered from low rainfall, it has been able to rent electricity from Spain. This year, this facility is out of the question.

Meanwhile, the authorities are able to import some supplementary electricity from France. Negotiations are also understood to be under way for increased imports during the next few years. Present costs are about 4 centimes a kWh.

Mindful of the vagaries of the Portuguese climate, Electricidade de Portugal, the national electricity corporation, is rushing ahead with coal-fired power stations, using imported coal. However, the first major station, of 300 MW, will not be ready until 1985.

Key wages agreement reached in Spain

BY ROBERT GRAHAM IN MADRID

THE SPANISH employers' federation and the Socialist General Workers Union (UGT), one of the two leading unions, have agreed an 11-15 per cent pay increase for 1981. Although the main union, the Communist-controlled Confederation of Workers Commissions, refused to take part in the talks for the second year running, the agreement is likely to provide a benchmark for all private sector wage negotiations.

Agreement came early yesterday morning after a nine-hour, all-night session. Both sides have made concessions. The union had sought a 13-16 per cent band of pay rises; the employers started by offering 8-12 per cent. The terms under which the increases can be revised at mid-year if inflation rises faster than expected have yet to be finalised.

Both sides moved rapidly towards agreement, apparently anxious to have the accord on the table before the general round of wage negotiations begin company by company.

The UGT originally insisted that wages match inflation, rejecting the Government view—shared by the employers—that increases should not reflect higher energy costs. The Government has fixed wage rises for the public sector at 12.5 per cent, based on an annual inflation projection of 13.5 per cent. Yesterday's agreement assumes inflation of about 14 per cent.

It is marginally lower than last year's 13-16 per cent increase but is still considered high by economists since the final average increase in 1980 was 15.3 per cent, against inflation of 15.1 per cent. However, the employers' federation hopes that, like last year, it will help create a better climate on the shop floor. There was a notable decline in the number of days lost through strikes last year and written into both last year's agreement and the present one is a commitment to improve productivity.

Spanish air traffic controllers *yesterday ended their work-to-rule* which paralysed air communications in Spain for three days and lost the airlines an estimated $7m, AP reports from Madrid. The controllers say they have ended their action as a gesture of "good will" and hope negotiations to settle pay demands will resume immediately.

The UGT has preferred to co-operate with management both to isolate its Communist rival and out of a genuine belief that, in the deep recession, its membership wants job security rather than conflict. This strategy has been amply vindicated in the results of works council elections over the past six months. The Communist union, which claimed the UGT had sold out to management, saw its position eroded from almost 35 per cent of all works council delegates, against the UGT's 21 per cent to 30.7 per cent against 29.6 per cent.

The increased strength of UGT is expected to give the new agreement greater force, as the union has moved up to a position of control in some of the larger industrial plants. The main problems are likely to come from disputes over wage rises for the public sector and companies in financial difficulties.

Already, Spain's air and rail transport have been seriously affected the past two days by an air traffic controllers go slow and wild-cat strikes in the railways. In both cases the wage demands are well above the approved public sector ceiling.

Quentin Peel in Johannesburg assesses the Prime Minister's decision to go to the polls

The KGB becomes an election ally for Botha

THE FACE which dominated the front pages of all South Africa's newspapers yesterday was not that of Mr. P. W. Botha, the Prime Minister, although he had just announced a snap general election. It was a grim-looking Maj. Aleksei Michailovitch Kozlov, an alleged spy for the Soviet KGB arrested in South Africa last year.

The juxtaposition of banner headlines on the April election and the arrest of a Soviet spy was no coincidence. It was carefully stage-managed by Mr. Botha to give maximum impact to what will undoubtedly be a main theme of his forthcoming election campaign — the international Marxist onslaught.

Mr. Botha dwelt at length on the arrest and interrogation of Maj. Kozlov during his speech to Parliament when he announced his decision to go to the polls 18 months ahead of time. Quoting what he said were three volumes of evidence extracted from the alleged spy, he emphasised how the Soviet Union was actively supporting black nationalist movements bent on violent revolution—such as the banned African National Congress in South Africa, and the South-West Africa People's Organisation (SWAPO) in Namibia (South-West Africa). Maj. Kozlov, he said, had been arrested on his third visit to South Africa, where he was checking on the effectiveness of the Soviet campaign.

The theme of a "total onslaught" on South Africa from outside, and the need for a united front against it, is tailor-made to appeal to the embattled mentality of the white minority, and to win Mr. Botha a landslide victory. It is exactly the theme on which his predecessor, Mr. John Vorster, fought the last election in November 1977, when he won a record majority.

What is more open to question is why Mr. Botha should seek such reassurance. There is no visible challenge to his ruling National Party, now in power for 32 years. It controls 137 of the 165 seats in Parliament, whereas the largest opposition party, the liberal Progressive Federal Party, has only 18 MPs. Right-wing opposition parties have no seats at all.

The truth is that Mr. Botha's real reason for calling a snap election is within his own party. Ever since he became Prime Minister after Mr. Vorster resigned in September 1978, in a bitterly fought contest against Dr. Connie Mulder, the former Information Minister, he has struggled to impose his authority. His position is resented both because he comes from the minority Cape Province, and because he has espoused the Verligte (enlightened) wing of the party against its conservative majority from the Transvaal. His decision to go to the country is really an admission of failure to win control.

It is certainly easier to see negative rather than positive reasons for an early election.

First, an April election will take place when the economic boom still has considerable momentum, and before rapidly rising inflation has taken its toll. Mr. Owen Horwood, the Finance Minister, puts last year's growth rate at 8 per cent, but does not expect more than 5 per cent in 1981. Inflation in the last quarter was running at 20 per cent, although wages have generally kept up. The budget has been postponed from March to September as a result of the election being called, and the mini-budget coming in two weeks will consist of little more than big public sector pay rises.

Second, the coming Parliamentary session was littered with issues which threatened to aggravate divisions in the National Party — scrapping racial discrimination in such selected areas as hotels and restaurants and in labour legislation, as well as the most divisive issue of all, the possibility of allowing some representation of the Coloureds (mixed race) and Indians in the all-white Parliament.

STRANGE BEDFELLOWS: Major Aleksei Michailovitch Kozlov, left, and Mr. P. W. Botha.

Mr. Botha's advisers have undoubtedly seen a growing Right-wing backlash against the cautious racial reforms they planned, not only within the National Party's parliamentary caucus, but also across the country. The reforms aim at defusing growing black resentment, and at the same time allowing greater economic flexibility in the rigid bureaucracy of racial separation — while stopping short of joint political institutions for black and white. But instead, while the black response has been generally suspicious, the proposed reforms have aroused hostility among traditional National Party supporters.

Another reason for calling a general election now, therefore, would be to avoid a series of potentially damaging by-elections in which the far-Right parties might have performed embarrassingly well. Mr. Botha's advisers calculate that, at a general election, the party faithful will return to the fold.

The most positive construction to be put on Mr. Botha's early election is that he is seeking a clear "mandate for change." That is what the loyal Afrikaans-language Press is saying. Beeld, the leading Nationalist newspaper in Johannesburg, which closely follows the Botha line, argued yesterday: "From the Government's point of view, it is beneficial to seek the certainty of a new term of office so that the instability brought about by reform can be handled."

Yet Mr. Botha is extremely unlikely to spell out his intended reforms. If he hopes to forestall major defections from the right wing of his party to such far-right splinter groups as the Herstigte Nasionale party, or Dr. Connie Mulder's National Conservative Party, he must fight on a platform acceptable to the conservatives. That he appears to be doing: the manifesto will consist merely of 12 principles, first set out in 1979, which are vague enough to be acceptable to the party's right and left wings alike. They emphasise continuing "vertical differentiation" between races, the right of all ethnic groups to self-determination, and continuation of the whole homeland policy, as well as separate schools and residential areas.

Mr. Botha's speech in Parliament on Wednesday underlined the conservative theme he is likely to adopt. He rejected any place for blacks in the constitution-making President's Council. Moreover, there is very little likelihood of many more verligte Nationalists being returned to Parliament—indeed, some sitting MPs who support Mr. Botha are in danger of being rejected as candidates by their constituency parties in favour of conservatives. Thus Mr. Botha, while certain of being returned to Parliament with a thumping majority, may well do so on a conservative platform and with an even larger conservative majority in his own party. His top priority is clear, as he told Parliament: "I will not participate in splitting my party which I helped to build up over 40 years." He may have avoided such a split, but equally he may have lost any hope of reform.

Oil flows again from Assam

By K. K. Sharma in New Delhi

MRS. INDIRA GANDHI'S tough policy on Assam, where agitation for the deportation of "foreigners," mainly Bangladeshis and Indian Bengalis, has disrupted economic activity for more than a year, has finally paid dividends.

The Indian Prime Minister has persuaded employees of Oil India to pump crude from the upper Assam oilfields to the refinery at Barauni in Bihar state. The blockade on oil going from Assam — the agitators' most effective weapon —has thus been effectively ended.

Oil production from Assam oilfields began earlier this month after a gap of more than a year, but until now crude had been supplied only to the Gauhati and Bongaigon refineries inside Assam.

The Assam agitation has cost the Indian economy more than 4m tonnes of crude production. Several fertiliser plants have been closed down as a result of the lack of feedstock. Official estimates of the oil production loss are about Rs 11bn (about £586m).

Brighter outlook in Australia

By Colin Chapman in Sydney

MR. JOHN STONE, Permanent Secretary to the Treasury, said yesterday the growth in employment would be stronger than earlier forecasts, inflation below estimates and into single figures, and personal consumption and business fixed investment more buoyant than expected.

Mr. Stone told a conference here that but for the Australian drought and a flatter outlook for the world economy than predicted, the country would be facing "an economic boom of a kind we have nearly forgotten."

Soviet Union rejects Afghan proposals

BY DAVID HOUSEGO, ASIA CORRESPONDENT

THE SOVIET UNION appears to have rejected both the Pakistani and the French proposals for a fresh initiative towards a political solution in Afghanistan.

Tass said yesterday that the "well known" position of the Babrak Karmal regime as put forward on May 14 "can and should become the basis for such a settlement."

This is a reference to the Kabul demand for direct talks between the Governments of Pakistan, Iran and Afghanistan. Pakistan, together with other Moslem states, rejected this approach, as implying recognition of the Babrak Karmal regime.

The Pakistanis claim however to have been told last month by the Russians that Kabul was prepared for talks without first insisting on recognition. On the basis of this concession, Mr. Agha Shahi, Pakistan's Foreign Minister, wrote to Dr. Kurt Waldheim, the United Nations' Secretary-General, proposing the appointment of a UN emissary to initiate talks between Pakistan, Iran and the People's Democratic Party of Afghanistan.

The Pakistani proposal received the broad endorsement of the Islamic summit conference at Taif, though Dr. Waldheim still seems hesitant about appointing a special emissary because of the uncertainty.

The Tass commentary yesterday did not mention Pakistan or France by name and thus left it unclear which of the two proposals the Soviet Union had most in mind. Western diplomats believe that the Russians strongly dislike President Giscard d'Estaing's proposal for a summit conference that would exclude participation by the Afghan regime—but are unwilling to attack France by name.

Islamic states emphasise support for PLO

BY RICHARD JOHNS IN TAIF AND IHSAN HIJAZI IN BEIRUT

THE THIRD Islamic summit has ended with the Moslem world more deeply entrenched than ever in its rejection of the Camp David accords for a Middle East peace settlement and were more fully committed to Palestinian self-determination.

Aside from the commitment taken up by the Moslem countries for the liberation of Jerusalem and the recovery of Arab land occupied by Israel, the "Mecca Declaration" adopted by the summit upheld the "Palestinian Option" as the only basis for resolving the Arab-Israeli conflict.

JEWISH settlers yesterday took over a building in Hebron, the second largest Palestinian town on the occupied West Bank, David Lennon reports from Tel Aviv. This is the second time in a week that members of the fanatical Gush Emunim movement have seized land or property.

Palestinian officials in Beirut pointed out that on the strength of the Mecca Declaration, no future negotiations for a Mideast settlement would be acceptable to the Arab and Islamic states unless the Palestine Liberation Organisation (PLO) is included.

King Hussein of Jordan called a Press conference in Taif to leave no illusions about his attitude to the so-called Jordanian "option"—bringing Jordan into the peace talks—the hope on which the American peace initiative continues to rest.

The Hashemite monarch described Camp David as a "dead horse." He said: "There is no Jordan option. There are no options. There is reality. I have pledged my support to the Palestine Liberation Organisation."

Mr. Habib Chatti, Secretary-General of the Islamic Conference Organisation, has confirmed that potentially the most critical aspect of the "action plan" to confront Israel has specifically referred to oil.

Referring to the "oil weapon," Mr. Chatti implied that it would be the ultimate sanction. "Maybe it won't be used now and perhaps not at all," he said. "You don't use a missile to hit something small."

Tehran counters hostage accusations

BY TERRY POVEY IN TEHRAN

IRAN yesterday made a fresh attempt to counter the accusation that the 52 U.S. diplomats held hostage for 14 months and released last week, had been harshly treated. A Press conference in Tehran was shown 1½ hours of filmed interviews with 14 of the diplomats taken the day before they were released.

A member of Iran's hostage negotiating team repeated its Government's denial of the allegations of ill-treatment. "I hope everybody here has watched the film and the truth is now clear—even in the U.S." said Mr. Ahmed Azizi, the official appointed by Prime Minister Mohammed Ali Rajai to deal with the hostages.

He said that some of the diplomats were kept in isolation for long periods for "security reasons and the need to keep them away from the others because of information they possessed," as well as in punishment for trying to escape.

Parts of the film shown yesterday would certainly support some of the allegations currently being made about ill treatment, if shown out of context. But on the whole, those interviewed spoke of being reasonably well treated.

The allegations of torture have clearly hurt Iran, as it was one of the main charges brought by the revolutionaries against the regime of the late Shah. Torture, both physical and mental, was specifically banned in the constitution of the Islamic Republic for this reason.

Seaga confident of £208m IMF loan to Jamaica

BY DAVID BUCHAN IN WASHINGTON

JAMAICA'S negotiations for a loan of about $550m (£208m) from the International Monetary Fund were proceeding very satisfactorily and should be complete by mid-March, Mr. Edward Seaga, the country's Prime Minister said here yesterday.

He said he had inherited a debt-ridden economy when he beat Mr. Michael Manley in the election last October and acknowledged that Jamaica would have to "borrow its way" out of trouble in the short-term.

Mr. Seaga complained that half the country's foreign exchange earnings had to go on servicing its foreign debt. In the 12 months starting this April Jamaica would need to borrow a further $250m from abroad.

That, he expected, would come from commercial banks and from industrialised countries, once final agreement had been struck with the IMF.

IMF officials yesterday concurred with Mr. Seaga's hopeful comments on their negotiations with Jamaica and the Prime Minister hinted that he would have in hand details of the prospective IMF accord in time to approach the banks by late March.

Mr. Seaga: In search of private investment.

Mr. Seaga is the first foreign leader to make a state visit to the U.S. since President Ronald Reagan took office ten days ago. He said he was flattered by the distinction.

In meetings this week with the U.S. President and his Cabinet, Mr. Seaga, the conservative-minded leader of the Progressive Labour Party, shared Washington's new concern about left-wing instability and insurgency in the Caribbean and central America.

At a Press conference yesterday, he said that for the moment the tide in the Caribbean had turned away from the political Left, but this, he said, did not mean Cuba had abandoned its expansionist plans.

But far from winning U.S. financial support for his proposed "Marshall Plan" for the Caribbean region, Mr. Seaga appeared to come away from his Washington talks relatively empty-handed. His visit coincided with preparations inside the Reagan Administration for cuts in the already-shrinking foreign aid budget.

Mr. Seaga was lucky, as he himself noted, that just before leaving office the Carter Administration had piloted a $40m economic aid package for Jamaica through Congress.

The Jamaican leader has pinned his hopes on wooing U.S. private investment. Yesterday he announced the formation of a joint U.S.-Jamaican commission, with industrial leaders from both countries. This is designed to channel investment into the island and to recommend any legislative changes needed in Jamaica on taxation, guarantees, tariffs and quotas, so as to make the country more attractive to foreign business.

Change in index may cut budget

By Our Washington Staff

THE CONSUMER Price Index—the official yardstick of inflation —will be changed by 1985 to give a less exaggerated weighting to housing costs, Mrs. Janet Norwood, the Government's chief statistician, has announced. The move could knock billions of dollars off the federal budget.

The intention is to replace the calculation in the index of monthly house prices and mortgage interest rates with an estimate of how much house-owners would pay if they were renting their houses.

The aim is to bet a more accurate calculation of the cost of shelter to the average citizen. Mounting criticism of the present index is based on the argument that house prices reflect an investment, not a consumer item, and that since very few people actualyl buy a house in any one month, house prices are a poor guide to the real cost of living.

The effect of the technical but far-reaching change would probably be to lower the index figures. In recent months, the levels of house prices and mortgage rates have soared above other items.

The impact of the change on the federal budget would be enormous. Some 30 per cent of the total, including pensions, unemployment and child benefits and food stamps, are linked to increases in the index.

Chrysler unable to meet deadline

BY IAN HARGREAVES IN NEW YORK

CHRYSLER will not be able to meet its deadline of Monday for satisfying Government-imposed conditions which would lead to the release of $400m (£167m) in loan guarantees.

The company has admitted that in spite of frantic efforts to meet the deadline, it has once again been defeated by the administrative complexity of securing legally binding agreements to the terms of the deal from nearly 150 banks around the world.

There have also been snags in persuading Chrysler workers to ratify a wage freeze agreed by union leaders. The plan has been rejected by workers at Chrysler's defence plants—the company makes tanks—but is still expected to be agreed by a majority of workers.

Mr. Luke Lynch, counsel to the Government's Loan Guarantee Board, has been assuring bankers that there is no question of the Reagan Administration going back on the conditional approval for the $400m aid so long as terms are agreed by bankers, employees and suppliers.

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Chrysler and its advisers are also still pursuing the possibility of joint venture or merger options, as required by the Government's conditions. Mitsubishi of Japan and Peugeot of France remain the main focus of those efforts, but no progress has yet been reported.

Peru-Ecuador river clash

LIMA — A dispute between Peru and Ecuador over access to the Amazon River erupted in border fighting between the two South American neighbours this week.

Ecuador said two of its soldiers were killed and others had been injured during eight air attacks by Peruvian helicopters and aircraft on a remote border post.

Peru announced that it was conducting a military operation to drive Ecuadorean forces from its territory.

The political committee of the Organisation of American States held an emergency meeting in Washington and urged both countries to let an international commission try to resolve the dispute.

AP

Brasilia to monitor aid for Jari

BY RIK TURNER IN SAO PAULO

THE BRAZILIAN Government has for the first time indicated its readiness to provide direct financial help to the troubled Jari project in the Amazon region, but only under close official control.

In defence of a step likely to arouse domestic controversy because of the giant economic project's previous refusal to allow Government "interference," Sr. Paulo Yokota, head of the state land agency INCRA, has said that without this help Jari was in danger of becoming another Fordlandia — the Amazonian rubber kingdom which collapsed in 1945.

Within Jari's estimated 8,400 square miles in north-east Brazil, Mr. Daniel Ludwig, the secretive American businessman with extensive shipping interests, has built up an empire producing rice, meat, pulp and paper and kaolin.

Since the project was established in 1964 he is estimated to have invested some $850m (£354m), $250m of which was spent last year according to the company.

Escalating infrastructure costs appear to have proved beyond even Mr. Ludwig's resources, forcing him to turn to Brasilia for help — no doubt in the knowledge that the price will be a greater opening up of his domain to Government administration.

Last August Jari's owner wrote to General Golbery de Couto e Silva, a key aide to President Joao Figueiredo, and is reported to have asked for 3bn cruzeiros ($44m) from the National Housing Bank. The money was earmarked for houses, schools, hospitals and drainage works.

It now seems that some, but not all, of this sum will be made available, although details of its disbursement have not been made public.

Castro prepares his countrymen to fight 'the Reagan threat'

BY A SPECIAL CORRESPONDENT, RECENTLY IN HAVANA

PRESIDENT FIDEL CASTRO of Cuba sees a growing threat from the new Republican Administration in Washington. To counter it, he is trying to increase popular support for his regime.

At the Communist Party's four-day Congress in Havana last month, the Central Committee and Politburo were expanded, and it was announced that membership had more than doubled from 200,000 in 1975 to 450,000 members and candidate-members now.

The increase in the size of the leadership bodies has reinforced the chain of command, so that more activities come under direct Politburo and Central Committee control, further strengthening the tutelage of President Castro and his dozen or so veteran lieutenants over the lives of the 10m Cubans.

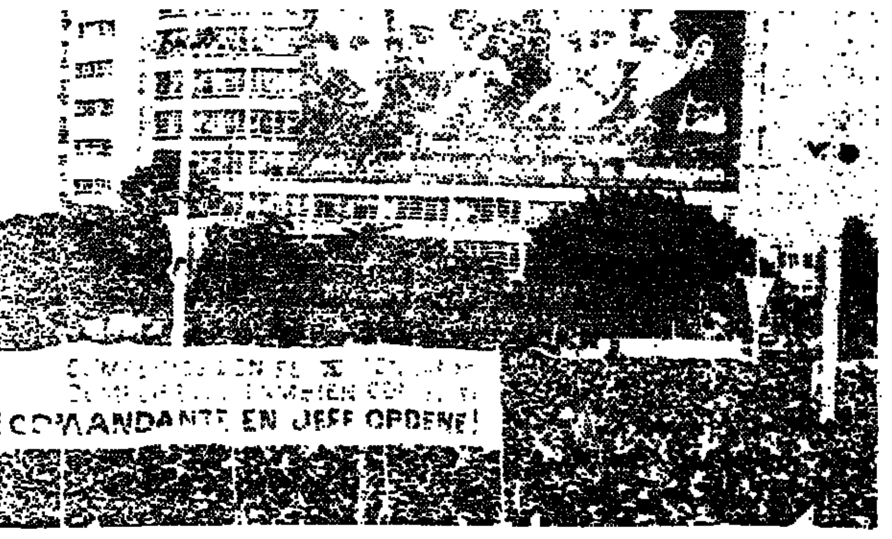
The most important levers of power remain in the hands of the Castro brothers, Fidel and Raul. The Congress, held every five years, re-elected Fidel as First Secretary of the party and Raul as Second Secretary. But Fidel is also the island's President, Prime Minister and Commander-in-Chief of the Revolutionary Armed Forces, while Raul is First Vice-President, First Deputy Prime Minister and Minister of the Armed Forces.

Immediately after the closing ceremony of the Congress the second since a process of Soviet-inspired "institutionalisation" began in the early 1970s, President Castro told a million-strong rally in Havana's Plaza de la Revolución, under the severe gaze of a giant portrait of Che Guevara: "If they (the Americans) dare invade our country, more Yankees will die than in the Second World War."

The Cuban regime would have much preferred the re-election of Mr. Jimmy Carter, whom it regarded as a weaker adversary than President Ronald Reagan seems likely to prove.

President Castro went out of his way during the months preceding the U.S. election not to prejudice Mr. Carter's campaign. He halted the flood of refugees to Florida and stamped out a spate of hijacks by packing two air pirates straight back to South Carolina.

The Havana Government is not entirely wrong in suspecting the Reagan Administration of harbouring hostile intentions. Mr. Reagan told a questioner early in the presidential race that if the Soviet Union tried to expand militarily again after Afghanistan, the U.S. should respond in whatever part of the world it chose, and he gave a naval blockade of Cuba as an example. Havanans believe a



A million Cubans celebrate the closing of the Second Congress in Havana.

Warsaw Pact invasion of Poland could lead to U.S. retaliation against Cuba.

To Cuban revolutionaries who fought off CIA-backed exiles at the Bay of Pigs in 1961, the idea of a U.S. invasion does not seem far-fetched.

This April sees the 20th anniversary of the Bay of Pigs, and the Castro regime will use the occasion to drum into the restless youth who do not remember the confrontation a sense of militant readiness to do battle against the "imperialists."

The more people who unite behind the party, the fewer the complaints about Cuba's economic plight. With very poor sugar and tobacco crops in the past year, the foreign currency available for imports, normally very scarce, is even more limited. Although privileged Cubans are able to shop at hard currency stores, or Cubalse, the diplomatic supply organisation, foreign goods available to ordinary Cubans are extremely limited. And such is the urgency of exporting home-produced goods that even citrus fruit and fresh vegetables are in extremely short supply.

With the media closed to any criticism of the regime and devoted to often wearying panegyrics of the leadership, dissent is vented only in rumour and gossip.

Although no organised opposition to President Castro exists inside Cuba, and fear of the security forces makes a dissident movement highly unlikely, a new potential for internal unrest has materialised in the form of the hundreds of thousands of people who applied last year to emigrate. They were dismissed from their jobs for doing so; and are now stranded with no chance of leaving and no opportunities.

The future may have been foreshadowed when 10 Cubans for the first time used firearms and seized hostages in an unsuccessful attempt last month to gain asylum at the Papal Nunciature (Vatican Embassy) in Havana. Troops firing teargas grenades rescued four nuns after a five-hour siege personally directed by Sr. Ramiro Valdes, the Interior Minister, but the fifth hostage, a porter, was shot dead.

In President Castro's report to the Congress, he threatened to re-open the refugee sealift, to the annoyance of the U.S. immigration authorities, if Washington continued "encouraging illegal emigration." Such an action might reduce internal pressure from the increasingly restless would-be emigrants, but could provoke a tough reaction from President Reagan. It is scarcely surprising, therefore, that President Castro greeted Mr. Reagan's inauguration by announcing: "The threats proclaimed against Cuba have made it necessary to double and and treble our defence efforts."

Ford gives you money

Last December Ford introduced the Fiesta Popular. At just £2849* it was astonishing value for money. And an instant success.

Two weeks later, another sensation. Motoring journalists from 16 countries voted the new Ford Escort 'Car of the Year 1981'.

Why? Once again a major factor in the decision was the Escort's value for money.

It's been said that it is a brilliant and advanced design, one of the most up to date cars on offer for the money.

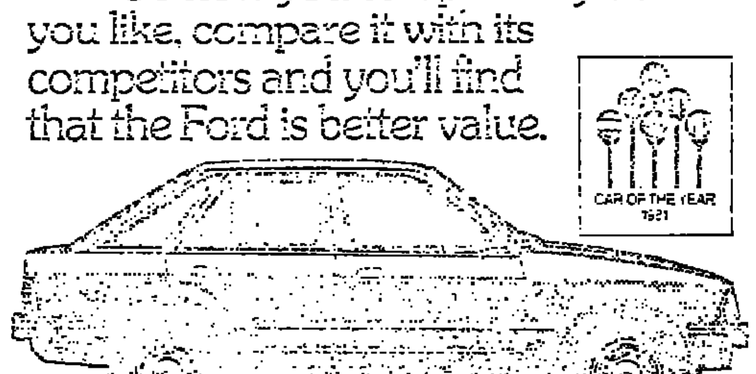
But that was only a beginning.

Today, Ford announce something that's almost unheard of.

Something for nothing.

As you'll see, we're building masses of extra equipment into most of our cars, but we're not adding a penny to our prices. In fact some prices are doing what prices never do these days. They're coming down!

So now you can pick any Ford you like, compare it with its competitors and you'll find that the Ford is better value.



Want to know more? There's plenty over the page...

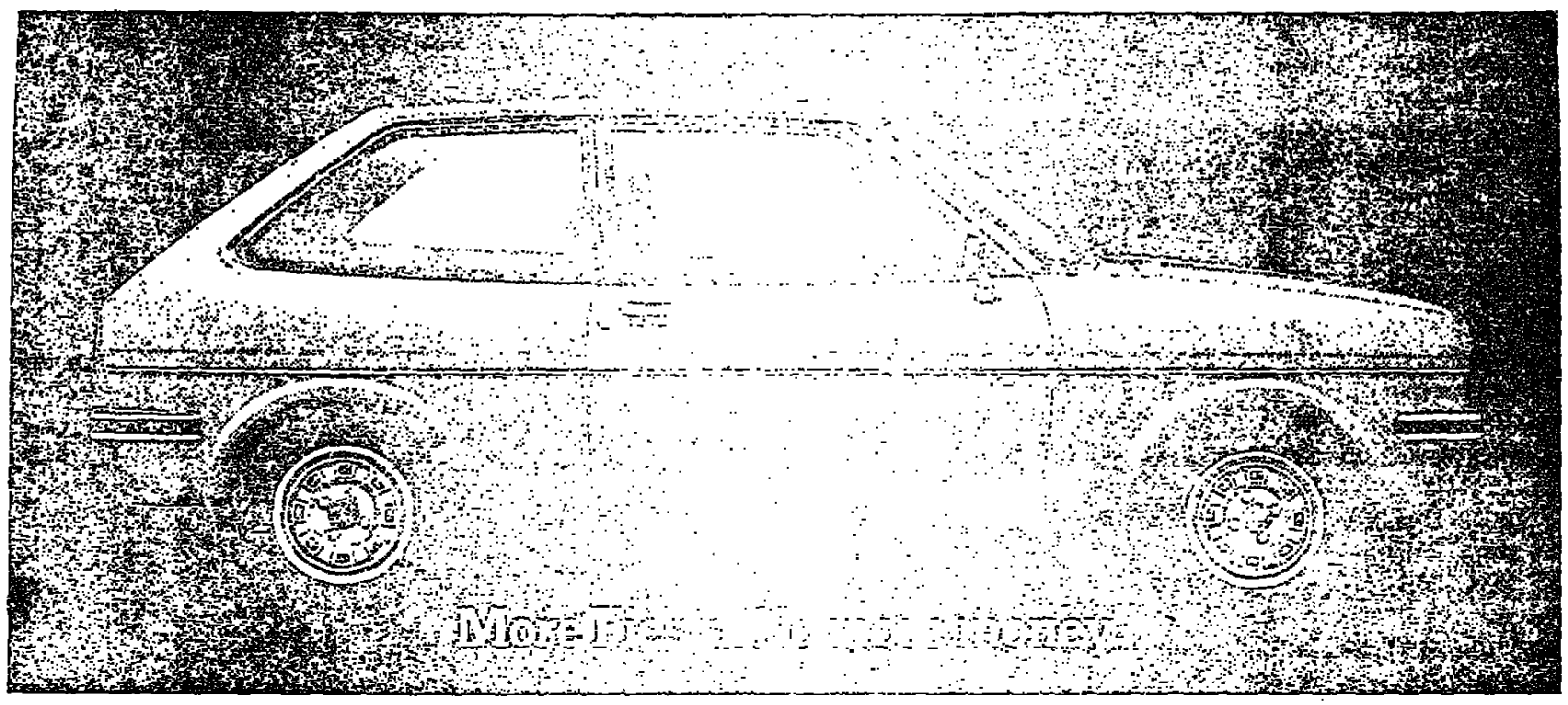
Car of the Year competition organised by Autovisie (Holland), Telegraph Sunday Magazine (Britain), L'Equipe (France), Quattroruote (Italy), Stern (West Germany), Vi Bilägare (Sweden).

More car. No more money.

Here is just some of the new equipment we're building into Fiestas, Cortinas, Capris and Granadas.

As you'll see, when you visit your Ford showroom, each car is getting its fair share.

What's more, none of it costs you a penny. Quite the reverse. Some Cortinas and Capris are actually coming down in price.

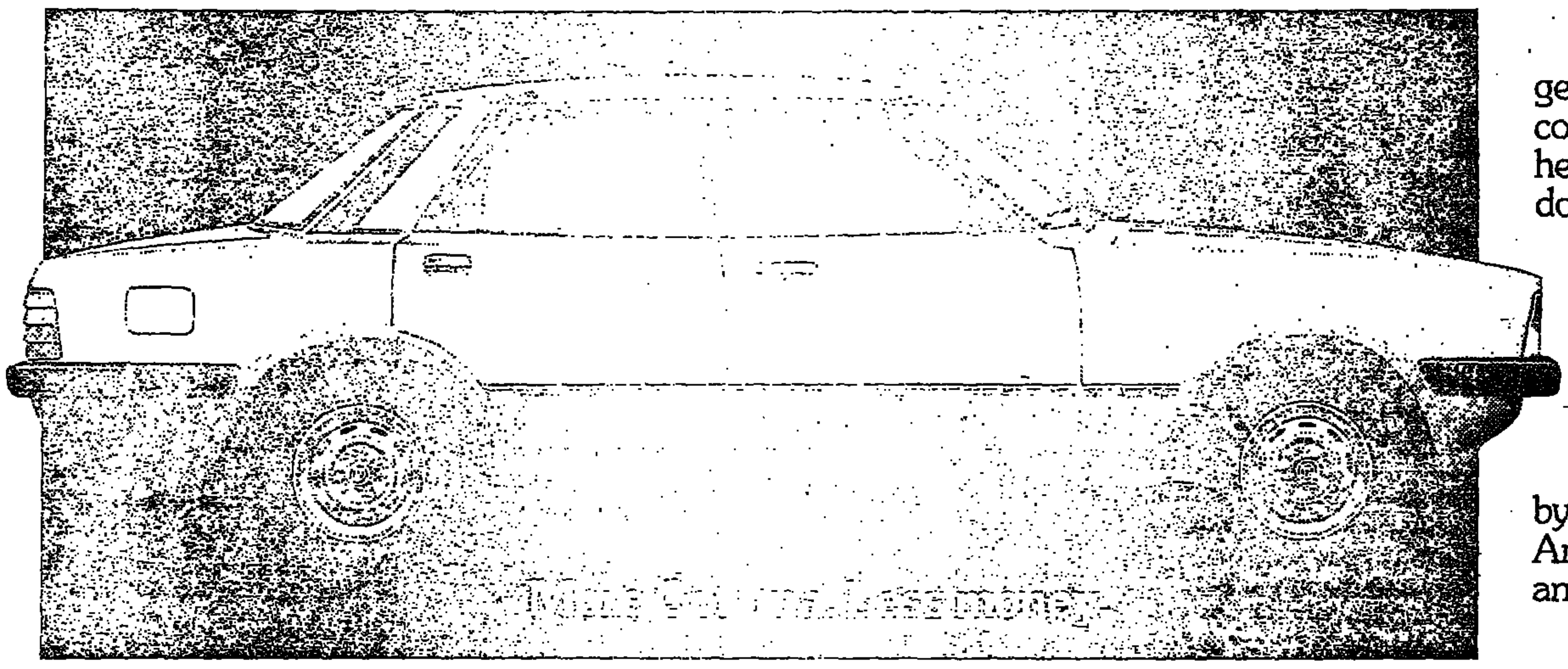


That nippy little hatchback, the Fiesta, has always been one of the most advanced small cars in Britain. Now it's one of the best equipped too. And what does it cost? Still just £3537* for the 950cc L model.

Here's what we're adding to the Fiesta L.

- Bodyside moulding
- Tailgate turn lock
- Head restraints
- Centre console and clock
- Carpeted rear package tray
- Load compartment carpet
- P21 push button radio

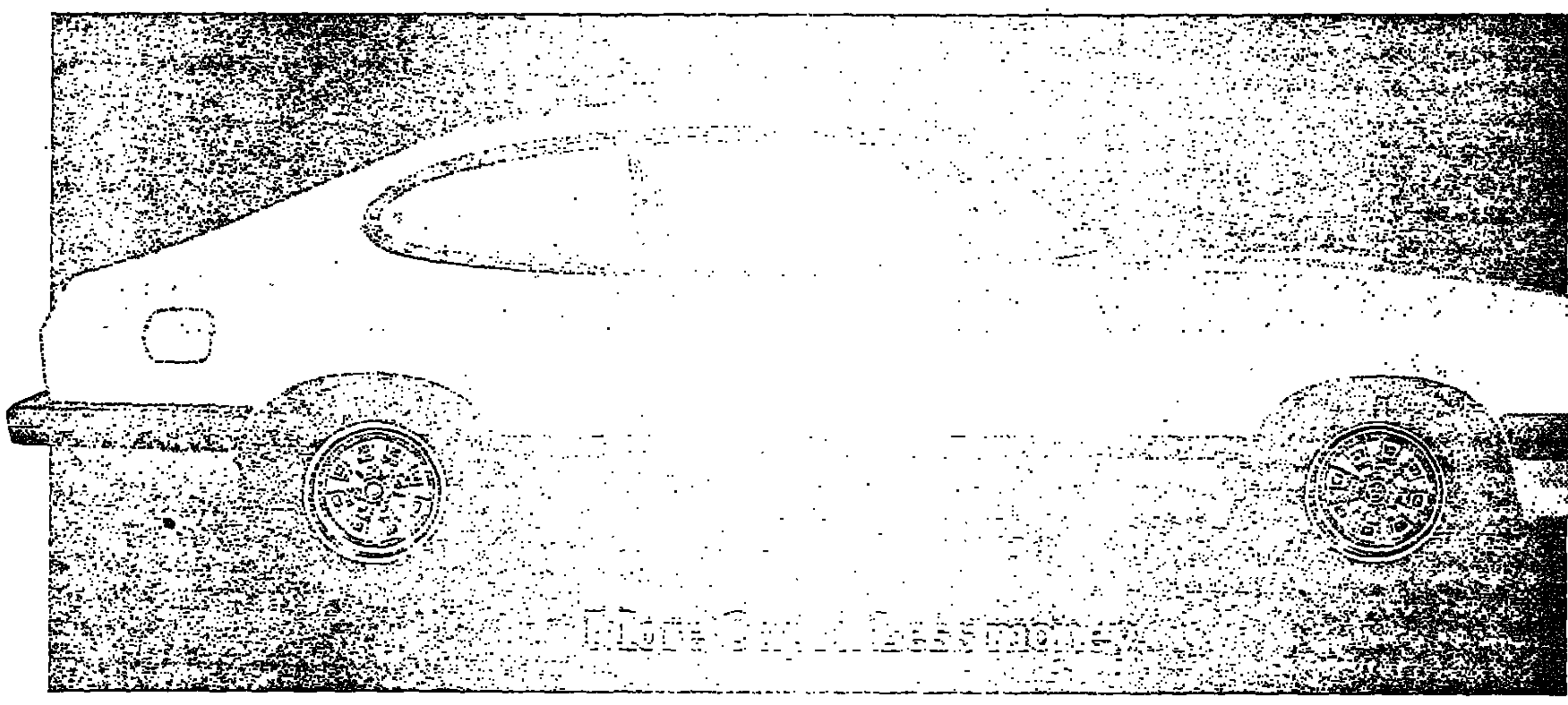
All Fiesta L, GL, S and Ghia models are getting the added value treatment. The Popular costs so little it's amazing value already.



Unbelievable isn't it. Cortinas aren't just getting extra equipment. Some are actually coming down in price too. The 1.3 L, shown here, will cost only £4200* (£4052* for the two door model). But look what we're building in.

- Passenger door mirror
- Bodyside moulding
- York trim from the GL – a class higher
- Head restraints
- Rear centre armrest
- Trip recorder
- Quartz clock

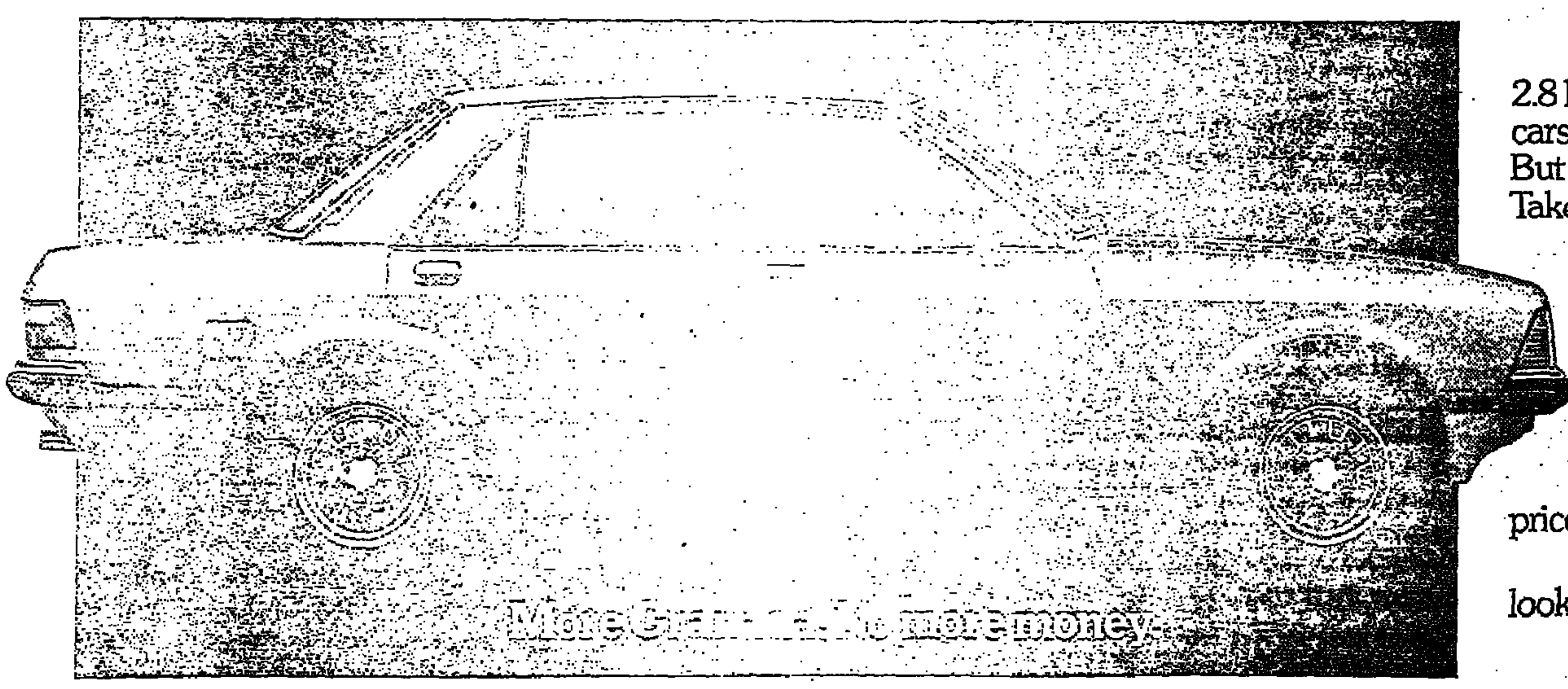
Price reductions? The Cortina L is down by £150. The Cortina saloon is down by £106. And the GL is down by £55. Cortina Estate L and GL models are reduced by similar amounts.



Yet more good news. We're reducing the price of some Capris as well. The L is down by £32 to £4243* for the 1.3 litre model. The GL, featured here, is down by £32 to only £4855* for the 1.6 litre model. And the S is down by £32 to £5783* for the 2 litre model. But they're all getting improved specifications. Here's what we're adding to the GL.

- P32 radio with VHF
- Opening rear quarter vents
- Front centre armrest and glove box
- Tinted glass
- New cut pile carpet

Don't forget, there's also an exciting new Capri called the LS (see opposite page). It all adds up to a range of practical sporting cars with more flair than ever.



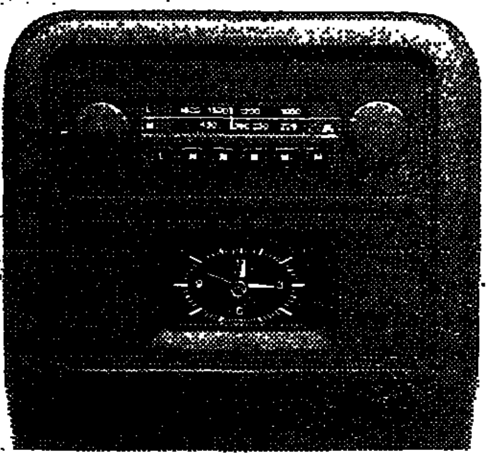
The Granada range includes 2.0, 2.3 and 2.8 litre petrol models, big, effortless, long-legged cars that you can drive all day without fatigue. But even they are getting extra equipment. Take the L, for instance. We're adding:

- A remote controlled driver's door mirror
- Front centre armrest and glove box
- Crushed velour upholstery from the GL
- Cigar lighter for rear seat passengers
- Front seat valances

But there are no increases in any Granada prices. The 2 litre L still costs only £6179*.

Now if you're looking for value for money look at the next page...

Music while you drive? This P21 radio is going in the Fiesta L. It costs nothing. But think what it's worth.



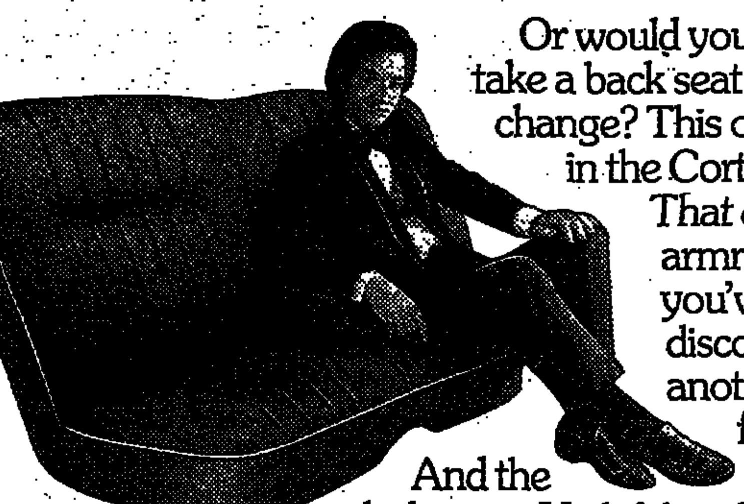
The Capri GL and S, which already have very good radios, now get even better ones. So if you happen to see any Capri drivers singing along in traffic jams, now you know why.

Cortina Ghia drivers will be even happier. They get power aerials.

That quartz clock ticking away under the radio is another 'gift'. Fiesta L's, Cortina L's and Capri L's all get them.

This remote control driver's door mirror is added to the Granada L. Like everything else on this page, it's free.

Where will you find this smart four spoke wheel where you wouldn't have found one before? In the Fiesta GL. Get your hands on one soon.



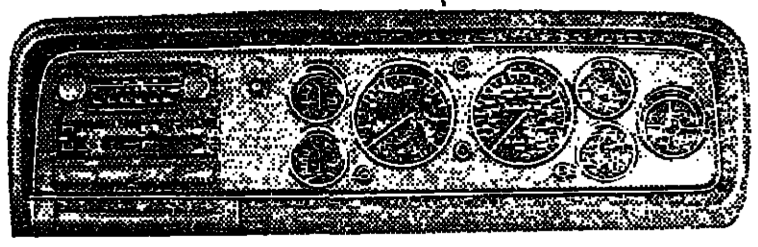
Or would you rather take a back seat for a change? This one is in the Cortina L. That centre armrest you've just discovered is another free feature.

And the upholstery is York fabric from the GL – a class above. Smart isn't it?

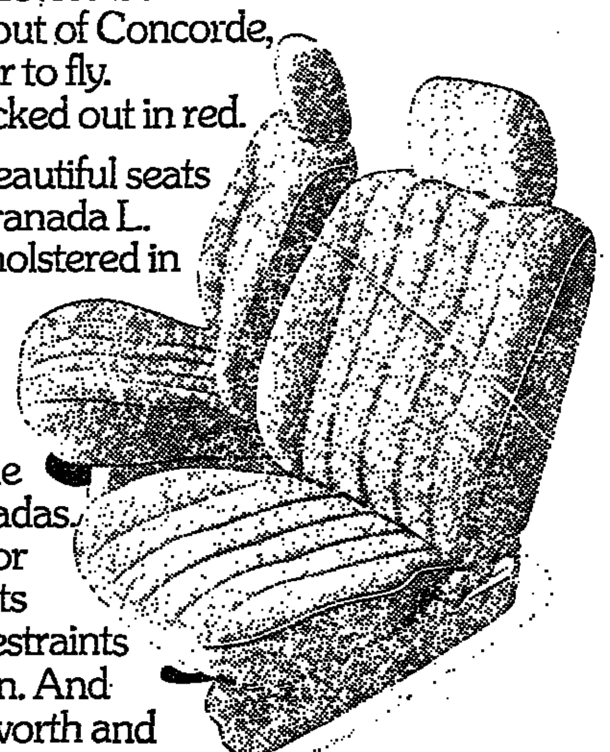
So are these alloy wheels. They're now standard on the Fiesta Ghia. It also gets a passenger door mirror, cut pile carpet and a radio cassette to name some of the new features.

Are you a quick change artist? With this sports gear knob, and a slick Ford gearbox you soon will be.

The knob is a nice little touch we've added to the Cortina Ghia. The new Capri LS also has one.



This instrument panel belongs in the new Capri LS, featured below. It looks like something out of Concorde, but it's easier to fly. Dials are picked out in red.

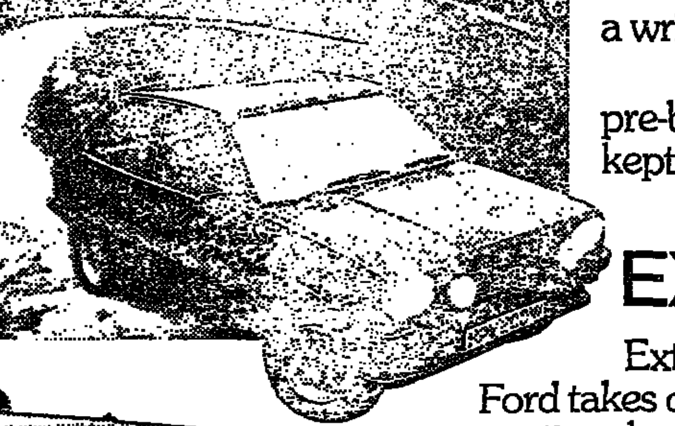


These beautiful seats go in the Granada L. They're upholstered in luxurious crushed velour. Not that we've forgotten the other Granadas. The Ghia, for instance, gets rear head restraints in the saloon. And new Chatsworth and crushed velour trim.

Now here's something you'd never expect to get for nothing. A sun roof. But nothing is what it costs when you buy a Cortina Ghia saloon. Well, we could all do with a little solar energy these days couldn't we?

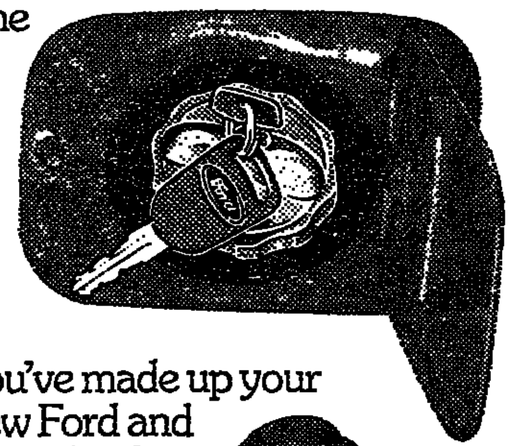
Which brings us to a highly energetic Fiesta – the one that shortens straights and straightens bends. The Supersport is now a full fledged member of the Fiesta family.

Price? Just £4634.* Exhilarating.

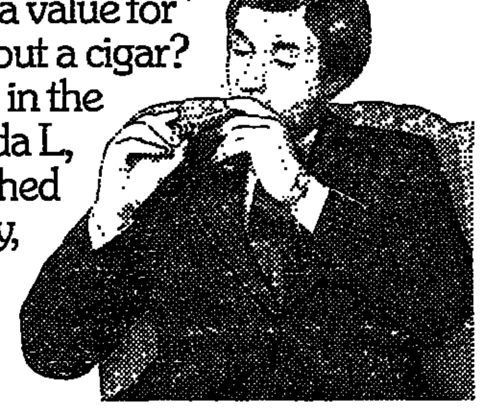


Like looking through glass darkly? Capri GL and S models get tinted windows. So does the GL Cortina.

We're handing out locking petrol caps as if petrol was a vanishing commodity. The Fiesta Ghia gets one and the Cortina Ghia. Actually, the best thing about them is that they're almost impossible to leave behind at filling stations.



Now that you've made up your mind to buy a new Ford and get so much extra value for nothing, how about a cigar? If you're relaxing in the back of a Granada L, with its new crushed velour upholstery, the cigar lighter is on us.



If you haven't quite decided yet read on, and we'll tell you how well we'll look after you once you own one of our cars.

FORD SURE

Our after sales service begins before you even take delivery of the car, with a quality controlled, pre-delivery inspection. From then on, if you have your car serviced by a Ford Dealer, it will be looked after by Ford trained technicians.

You get a free service after 1500 miles and you are also entitled to two free diagnostic checks later on.

Your dealer can nearly always tell you exactly how much a repair will cost before you have the work done. Not only that, but, thanks to a computerised system, many dealers can give you even quicker estimates.

And every repair is backed up by a written certificate from the dealer.

Most dealers also operate a special pre-booking system so that you're not kept hanging about.

EXTRA COVER

Extra Cover is just one more way Ford takes care of its customers. It's an optional warranty on major mechanical parts that takes over when your first 12 month warranty expires. One year extra costs from £48 – two years costs from £96 (plus VAT).

This is the brand new Capri LS. It is based on the added value Capri L together with: sports wheels, 185 tyres, special side stripes, tailgate spoiler, seats and trim from the previous S model, extra instruments, sports gear knob, and S suspension. Price? Just £4667.* Worth a lot more wouldn't you say?

Prices.
*All car prices quoted in this advertisement are maximum prices as at 21st January 1981 and include front seatbelts, Car Tax and VAT. But delivery and number plates cost extra. For other prices please ask your dealer. He'll be happy to help.

Ford gives you more. Ford

WORLD TRADE NEWS

Britain and Russia agree to resume ministerial contacts

MOSCOW — Britain and the Soviet Union have ended three days of talks in Moscow with an agreement to reopen Ministerial-level trade contacts interrupted afte rthe 1979 Soviet military intervention in Afghanistan.

The two sides are expected to set a date soon for a meeting in London of the British-Soviet Joint Commission on Trade Co-operation. British officials said.

The Soviet delegation t the meeting will probably be headed by Mr. Vladimir Sushkov. the Deputy Foreign Trade Minister.

The Commission last met in Moscow in October 1979. and was due to hold another meeting in London in May last year. But the session did not t●e place because of the Soviet Union's Afghanistan intervention.

Britain cancelled Ministerial visits to the Soviet Union and ended preferential credits for British exports to the Soviet Union in retaliation for the intervention.

The ass news agency said this week that the two sides had studied "existing obstacles impending the implementation of the long-term programme of developing economic and industrial so-operation and exchanged views on ways of removing these obstacles."

It added that the two sides noted the "usefulness" of regular contacts between the ministries of the two countries and discussed questions connected with the holding of the next session of the joint commission.

Tass said the British delegation, headed by Mr. Gavin Dick, the Under-Secretary for Trade, visited the ministries covering oil, gas, chemicals and the automobile industry and discussed possible deliveries of British equipment in these fields.

Last year British exports to the Soviet Union rose by 8 per cent to £452.8m while British imports fell by 5 per cent to £786.2m. Reuter

● Press and Shear Machinery, a member of the B. Elliott group, has signed contracts worth £2m with Avto Promimport, Moscow. The orders are for six Model 7 dualform presses for various end-users and a Model 9 dualform casting rig for the VAZ Togliatti automobile plant, initially for making prototype and pre-production runs of panels up to 2000 x 1600 mm. for a projected new passenger car.

Swiss group in El Asnam building deal

By Our Zurich Correspondent

A CONTRACT worth SwFr 25m (£5.6m) has been placed by the Algerian Government with the Swiss contractors Durisol Generalunternehmung for the construction of 400 prefabricated dwellings in the Al-Asnam earthquake area. Durisol is part of the Swiss Schmidheiny group.

● Cosalt Limited of Grimsby, through its system buildings subsidiary, Cosalt Adda Systems, has won an order worth £5m for a part of the rehousing project for the victims of the Algerian earthquake. The contract for 400 bungalows was awarded to Cosalt Adda Systems following numerous visits to Algeria during the past three months by senior executives of the company. Completion of the contract is required within three months.

● The Export Credits Guarantee Department has guaranteed a £5m line of credit which Morgan Grenfell has made available to the National Bank of Hungary. The loan will help finance a wide range of UK capital goods and associated services contracts placed in the UK by Hungarian buyers.

Little joy in EEC-Japan talks

BY RICHARD C. HANSON IN TOKYO

EEC OFFICIALS yesterday ended two days of talks in Tokyo, conceding that they had made little progress towards their goal of persuading Japan to limit its exports to Western Europe.

Sir Roy Denman, the EEC's Director-General for External Affairs, told a news conference that there was a "fairly substantial gap" still between the EEC position and what the Japanese government is doing about increasing access for EEC goods in Japan. He reiterated the EEC position that "effective moderation" of certain Japanese exports to the EEC is needed.

He expanded the list of critical products from cars and colour TVs to include colour TV picture tubes and sophisticated machine tools from Japan.

The Japanese Government, on the other hand, said they had agreed to request the motor industry to avoid an "excessive concentration" of exports of cars to West Germany, and the Benelux countries. Exports, conducted in the "prudent manner" should lead to a moderation of the increase in exports this year, the Deputy Foreign Minister, Mr. Kiyoaki Kikuchi, the Japanese representative, told reporters.

Mr. Kikuchi also said it was hoped colour TV exports to West Germany would be moderate.

Neither side mentioned publicly a suggestion that Japan would offer forecasts of exports of certain products. EEC officials earlier had said there had been hints of such a possibility in informal talks with the Japanese. The Ministry of International Trade and Industry (MITI) said it knew nothing of such plan.

At the Press conference, in response to a question concerning how the U.S. would react to any EEC-Japan agreement restricting car exports, both sides denied there had been any "mutual understanding" reached. The purpose of the consultations was not, in any case, to negotiate such an agreement, Sir Roy added.

The results of the talks will be passed on to the EEC Commission next week for presentation to the Council of Ministers on February 17.

Mr. Kikuchi, who described the talks as "free and lively," said that Japan had pressed its case for the lifting of restrictions aimed solely at Japanese goods by individual EEC members.

Outlook grim as French car sales fall

BY TERRY DODSWORTH IN PARIS

THE FRENCH motor industry believes that it faces another six months of deteriorating or stagnant markets before it can hope for an improvement in any of its main sales areas.

According to figures published yesterday, the industry ran into a particularly difficult period at the end of last year, which it expects to continue well into 1981. This setback was specially sharp in export markets where sales fell by 18 per cent to 1.53m units compared with a 10 per cent decline during the year as a whole.

The fall in French sales turned out to be much more pronounced overseas than at home, where the market held up better than had been expected to register a decline of only 5 per cent to 1.87m units. Part of the blame for this setback overseas was attributed by the industry to the acceleration in Japanese car sales, which hit French producers particularly hard in the West German and Belgian markets.

The French are now in the process of trying to win back ground against the Japanese by working with other European producers to achieve voluntary limitations on Japanese vehicle exports.

Further discussions between the two trading blocs are planned on this subject in the spring. In the meantime, French manufacturers believe that their output could fall still further from the low levels experienced in the final three months of the year. During this period, production fell by more than 17 per cent compared with an overall drop during the year of 8.8 per cent to 2.9m cars.

● French exports to Iran increased by 81.6 per cent during the first 11 months of last year to FFr 2.8bn from FFr 1.5bn in the same period for 1979, Reuters reports from Iran. The increase was essentially due to exports that did not fall under the embargo.

Hopes rise for German gasification technology

By Roger Boyes in Bonn

KRUPP KOPPERS, the West German coal gasification specialist, has won a DM 30m (£6m) contract for the supply and assembly of a coal-into-gas system in the U.S. It is hoped the move will lead to a burst in demand for German coal gasification and liquefaction technology from the U.S. which has launched several oil-substitute programmes.

The Krupp technology—known as the Koppers Totzek process—will be used by International Coal Refining of Pennsylvania as a key unit in the production of hydrogen which, in turn, will be used in a large demonstration plant for the catalytic cracking and liquifaction of coal. This so-called solvent-refined coal project is expected to cost $1.5bn.

The contract includes the complete gasification system with coal gasifiers, heart recovery, dust collectors and wash-water treatment.

The order has considerable symbolic importance. When former President Jimmy Carter first announced that there would be a policy emphasis on synthetic fuels, it was assumed that, at first, the U.S. might turn to German technology. Both Krupp Koppers and Lurgi have been market leaders in coal-into-gas technology since before the Second World War and have sold their processes to many countries including Poland (Krupp Koppers) and South Africa (Lurgi).

However, progress has been rather tentative and U.S. companies have been looking into gasification technology of their own. Above all, the large start-up investment costs have acted as a deterrent, especially for direct coal-into-liquid fuel projects.

Hesitation on the part of the Bonn Government has given Krupp Koppers something of a headache. German officials argue that there might be environmental hazards associated with large scale projects and that Bonn may end up not only subsidising investment — but also the subsequent production.

However, both Krupp and Lurgi stress that their technology is already tried and tested and would need the minimum of research. With a strong boost of investment, the companies could supply a substantial slice of the country's energy requirements as well as proving a strong source of export earning.

U.S. imports of steel fall despite market share loss

BY IAN HARGREAVES IN NEW YORK

STEEL IMPORTS to the U.S. fell sharply last year, but the importers grabbed a larger market share than in 1979.

According to figures from the American Iron and Steel Institute, 15.5m tons of foreign steel was sold in the U.S. last year, down from 17.5m tons the year before.

But that tonnage was sufficient to claim 16 per cent of the 99.5m ton market in 1980, up from a 15 per cent share in 1979, when U.S. industry consumed 117.8m tons of steel.

The increased market penetration was a big factor in the running battle throughout the year, over dumping allegations, which resulted first in the suspension and then the stepping up of the "trigger price" protection mechanism applied to imported steel.

But the December imports total of 1.53m tons, suggests that the reinstated trigger prices are not currently having any deterrent effect upon steel imports.

The importers, however, say that the uncertainties surrounding a new aspect of the mechanism, which would produce Government action if imports took more than a given share of the market at a time of fairly strong steel demand, has made them more cautious about the imports outlook for 1981.

The year-end figures also suggest that the U.S. industry's tactic of attacking European steel imports backfired in that the reduction in the penetration of European steel was more than made up in increased imports from other sources, mainly Canada, South Korea and South America.

EEC steelmakers shipped 3.9m tons of steel last year, down by 28 per cent from 1979. Japanese imports were down by 5.2 per cent to 6m tons and imports from other countries by 3.1 per cent to 5.6m tons.

It may be, however, that the return of trigger prices did help the domestic industry's profit margins in the final quarter, for which results have started to come in this week.

'Hidden' costs hurt Midlands exporters

BY LORNE BARLING

INCREASING NUMBERS of British exporters, particularly those involved in manufacturing, are seeing productivity gains and overseas competitiveness eroded by the series of "hidden" cost increases arising from higher private sector charges and increased rates.

This is the view of leading Midlands industrialists and the Confederation of British Industry, which has warned Birmingham City Council that suggested rates rises of about 40 per cent in April would add £34m to private sector costs.

At a recent regional council meeting of the CBI, it emerged that short-term exporters in the Midlands, those supplying goods within about six months of receiving orders, were now suffering badly. Recent trade figures, which have largely reflected supply of goods under longer term contracts, are therefore regarded as a distortion of the true position.

Mr. Reg Parkes, vice-chairman of the regional CBI and chairman of the Brockhouse group, said it was now extremely difficult for exporters to forecast margins on sales abroad, since it was impossible to judge future hidden costs in the form of fuel and electricity prices, rates, transport costs and charges such as the 3½ per cent national insurance surcharge on wage bills.

"These are beginning to affect the performance of companies selling abroad, and a lot are coming to the conclusion that they have little option but to pull out of markets," Mr. Parkes said.

He added that most exporters accepted that the Government could do little about the strength of sterling, and many had adapted to more difficult conditions by improving productivity and accepting lower profits from abroad.

He pointed out that his own company, which exports components to Renault, had not increased its prices on the contracts for 18 months, despite a relatively high inflation rate in France, since it had to remain competitive.

But between 1979 and last year the Brockhouse group's expenditure on energy increased by £900,000, Mr. Parkes said, all of which came directly out of profits.

It is clear that many companies, having adjusted rapidly to the onset of recession and hoping that the slowdown in wage inflation would give them some respite, deeply resent the price increases imposed on them as captive customers or rate-payers.

Exporters point out that,

Healthy trade figures, largely reflecting supply of goods under long-term contracts, are regarded in the Midlands as a distortion of the true position. Now, short-term exporters are concluding they have little option but to withdraw from markets that would be extremely difficult to regain.

while labour and material input costs of foreign competitors can often be matched in the UK, the other charges cannot.

Mr. Arthur Jackson, head of the Birmingham Chamber of Commerce's overseas department, said many smaller exporters were running into difficulties because they did not realise how fast overheads were rising.

This applied to a number of apparently minor items such as charges for parcel post, telephones, central heating and lighting.

"We have seen a rapid switch from wage inflation to service inflation, and it has given many companies a false sense of security," he said.

The effect on cash flow has also meant that many exporters are having difficulty accepting large orders from abroad, since they are hard-pressed to pay for materials and services during the pre-shipment period. Bank loans are being avoided where possible, because of high interest rates.

One successful Midlands exporter, Chloride Alcad, which has increased productivity by 5 per cent a year over the past three years and raised the value of exports from £2.7m in 1978 to £5.1m last year, is seriously concerned about the effects of hidden costs.

The Redditch-based company manufactures nickel cadmium batteries and has achieved its export success through a combination of holding down prices and a major sales drive abroad.

Mr. Bryan Price, managing director, said the company was completing a £5m investment programme which would double output, with improved productivity largely offsetting the higher value of sterling.

But its hopes of holding export prices steady for another year appear to have been dashed by higher costs for fuel and power, increased rates and other charges.

Major overseas competitors, located in France and Sweden, are continuing to benefit from increases in the value of sterling, which make Alcad's products more expensive and deprive the company of the ability to get real price increases.

Alcad has made every effort to reduce costs to improve material useage, a change in the type of fuel oil it burns, a number of redundancies last year, and more efficient use of labour. Although further productivity improvement is expected, most of the easier cost-cutting methods have been used.

Measures such as these are clearly beneficial to UK industry and exports in the long term, as they improve competitiveness, but companies such as Alcad believe the Government should ensure that some concessions are made on overheads.

Energy Review: Greece's soaring oil import bill

By Victor Walker in Athens

Burden that could halt economic growth

THE GREEKS, as the newest members of the European Economic Community, have a special reason to be feeling desperate about oil. They have a long way to catch up with their more developed partners in the Community. They have an inflation rate of 25 per cent that somehow has to be brought closer to EEC averages if the potential benefits of accession are not to be squandered, and a delicate balance of payments that a bad year for invisibles could plunge deep into the red. Sustaining growth, cutting inflation and preserving a payments equilibrium are all subject to the development of international oil prices, at a time when hopes of finding more recoverable crude oil at home are fading steadily.

Marion Sadger

Even the manna from Heaven, which was the 1973 dictatorship reaction to the discovery of under-sea oil off the north Aegean island of Thassos, has turned out to be little more than pie in the sky. Production from the so-called Prinos Basin will finally start this year, but at best will scarcely cover 10 per cent of Greece's oil needs.

Prinos is now identified as a minor pocket of some 8m tons of recoverable oil of low quality that has been made worth exploiting only by the new OPEC prices. At full flow it will produce no more than 28,000 barrels a day.

If there is any more oil in the Aegean, it's not likely to be discovered until exploration can be carried out over the whole of the disputed continental shelf without risk of causing a Greek-Turkish war. The shelf is admitted to be the most intractable of the several disputes separating Athens and Ankara.

The Greek Government has now switched the oil search to the Ionian Sea, on the other side of the country, asserting that geological conditions there are more promising. The Opposition charges, but cannot prove, that the real reason is a gentlemen's agreement with Turkey to avoid the risk of striking a bonanza in advance of a settlement.

Be that as it may, nothing has yet been found in the Ionian, or anywhere else in Greece for that matter, and nothing more is now being sought in the Aegean.

Solar energy, once the golden hope of Greece, has been written off at least for the next decade, except as of possible interest to small agricultural communities or some of the minor islands that number their inhabitants in the hundreds. The hot springs of Milos and Thermopylae are pleasant touristic reminders of the life of Venus and death of Leonidas but not much more than that.

The rivers can give more electricity, and almost certainly will over the next 10 years, but the hydro-power contribution is inevitably limited by the lack of the basic raw material—water.

The statistics of the squeeze are unpleasantly stark and threatening.

Greece has done much in the past 20 years to pull itself to its economic feet after the ravages of war, occupation and civil war. But on the basis of the customary international comparisons, the Greeks are still living only about half as well as their new EEC partners. In pure energy terms, per capita energy consumption is still less than half the EEC average and only a fifth of the U.S. figure.

Imported oil last year cost about $2.7bn, equal to 66 per cent of the total value of exports. This year, on the basis of the most optimistic of Arab intentions, the figures will reach $3.6bn and 75 per cent.

The youthful Industry and Energy Minister, Stefanos Manos, one of the few self-made businessmen in the George Rallis cabinet, says: "Before long, everything we earn from exports will be going on oil."

The peculiarly Greek aspect of the problem is that the country, unlike its EEC partners, is in no position to economise and retrench. It simply has to advance. A sustained period of zero growth, even if the rest of the EEC fared no better, would be politically disastrous for the Greek Government and would make nonsense of contentions here and in Brussels that Greece's membership contains no danger of the evolution of a two-speed community.

In the past decade, it took a 7.8 per cent annual increase in energy requirements to sustain an average 5.1 per cent gross national product growth. The growth target over the next 10 years is 4.5 per cent annually, which mathematically will involve a doubling of energy requirements, to 31m tons of oil equivalent in 1989.

Even if the oil component of the energy mix can be brought down from a present 72 per cent to a projected 52 per cent, oil needs will still rise by about 50 per cent, from just over 10m tons now to around 16m tons a year at the end of the decade. The country's trade deficit is already about $7bn.

Greece is returning to the concession route for oil exploration abandoned after the collapse of the dictatorship. It has immediate plans to invite tenders for undersea prospecting in four regions of the Ionian, off southern Crete and in the area off the River Nestos delta in the north Aegean—well on the Greek side of the disputed continental shelf.

The Socialist Opposition is unhappy on doctrinaire grounds, but the Government is adamant.

If the search were left to the state-owned Public Petroleum Enterprise (DEP), the Government says, it would take at least a century and cost more than $3.7bn in current prices to wrap up a programme of surveys and test drillings that has to be completed in 10 years.

The DEP was set up in July 1975, at a time of deep suspicion in Greece that the failure of the foreign oil exploration companies to find the mythical sea oil on which the Aegean was supposedly floating was part of a deep-laid plot to deprive the Greeks of their rightful heritage.

The DEP, hamstrung by limited technology and experience, has so far surveyed 11,000 square kilometres and undertaken six drillings on land and three undersea, all but one in the region of the West Peloponnese. It has come up with nothing more than whiffs of gas.

Far from being phased out, however, it is now to be given a sharply increased budget — equal to 2 per cent of the total value of imported oil in any one year — to step up the rather easier search on land. On current estimates, it will get $76m this year and $400m over a five-year period. This will theoretically enable it to investigate about 10 per cent of the area considered to warrant exploration.

This may seem, and is, a high investment figure in Greek terms, and it is still far from certain that the money can be raised. But it fades somewhat when compared with the $400m investment that the North Aegean Petroleum Company (NAPC) claims it has already sunk into the Prinos Field, under a contract providing for its recovery within the first three years of production.

This points up the real problem for an economy of Greece's magnitude: financing the search for oil of your own is just about as formidable a problem as forking out the money for some-one else's.

Mr. Manos, stating the issue in different terms, says Greece will need to increase spending on "restructuring energy production and moving away from oil" by an extra 2 per cent of GNP to 3.7 per cent of GNP. The Government, he admits, does not yet know how to find this money "but we are working on it."

GREECE'S MAIN OIL SUPPLIERS 1980

	Tonnes
Saudi Arabia	3m
Libya	1.5m
Iraq	2.2m
Soviet Union	1.8m
Exxon*	1.8m

*Via Esso Pappas refinery under an agreement with the Government to supply a fixed amount each year.

Greece has a tradition of good relations with the Arabs, and so far has experienced no real difficulty in covering its oil needs. But it's always cash on delivery at current prices.

The Greeks are also talking about coal with the Soviet Union, Poland and Australia, natural gas with the Soviet Union and Algeria, and electricity with the Soviet Union, Yugoslavia and Albania.

Figures quoted for imports are 3m tons of coal by 1986 and 6m tons by 1990, along with 2m tons of oil equivalent in the form of natural gas by the end of the decade.

There is to be a dramatic increase in use of local lignite for electricity production, from 16m tons last year to 60m tons by 1990. The first 600 MW nuclear power station is scheduled to be in operation by the 1990s.

Though Prinos will put Greece in the minor league of oil producers, the impact will be psychological rather than monetary. The hope is that foreign companies which gain concession will do at least as well if not better than the NAPC.

The Prinos strike, offshore from the Aegean port of Kavala and west of the island of Thassos, was made in 1973 by a consortium of oil exploration companies then headed by Oceanic Exploration Company of Denver, Colorado, under a concession agreement with the dictatorship government.

After the restoration of democracy, the concession terms were renegotiated. A start on production was then set for 1978, but was steadily pushed back because of technical problems. It is now put by both the Government and NAPC at next March or April.

The latest word on the Prinos Field is that production would begin at about 17,000 barrels a day, reaching a maximum projected flow of between 25,000-28,000 barrels a day about three months later.

Principal shareholder in the NAPC is Denison Mines of Canada with 68.75 per cent, a subsidiary of Fluor Corporation of the U.S. has 14.0625 per cent, a subsidiary of Wintershall of Germany 12.5 per cent, and a subsidiary of White Shield Exploration of the U.S. the remaining 4.6875 per cent.

Pumping is to begin from two fixed platforms each with a capacity of 12 wells, with part of processing and injection facilities to be located on a production platform. Production from a small gas field of an estimated 700m cubic metres is to begin at the same time, with the gas pumped to the Nea Karvali shore facilities.

One drilling platform was built by the Stavros Niarchos-owned Hellenic Shipyards outside Athens and the other in Italy, while the production platform and the platform for the gasfield were constructed by the Greek state-owned Elensis shipyards.

The oil is to be shipped by tanker from the Nea Karvali onshore facilities to the state oil refinery at Aspropyrgos, near Athens, where new installations are being made ready to deal with the high sulphur content. All the crude will stay at home, under Greece's right of first option. The estimated 500 tons daily production of sulphur will be taken by fertiliser plants in Greece.

APPOINTMENTS

Dunlop marketing reorganisation

DUNLOP has made changes in senior management to reinforce the expansion and marketing of its product range in Europe and overseas.

Two directors, Mr. J. Dent and Mr. E. G. Wheater, relinquish their day-to-day responsibilities to concentrate, respectively, on the exploitation of the group's diversified products and tyres on a worldwide basis.

Mr. A. T. Harvey is now director, diversified products, covering consumer, industrial and engineering operations in the UK. He is succeeded as overseas director, with control of activities outside Europe, by Mr. K. J. Johnson, formerly in charge of group personnel and administration. Mr. M. L. Bexon takes over group purchasing and group property in addition to his other duties.

The European tyre operations will report direct to Mr. Alan Lord, group managing director, as will Mr. B. V. Moore, director of personnel services.

★

Mr. V. G. Ivory is to join VIVIAN GRAY AND CO., stockbrokers, as an associated member from February 2.

★

Mr. John Floyd is leaving the partnership of PANMURE GORDON AND CO., stockbrokers, on May 1, but will remain an associate of the firm. He will work full-time as chairman of his own UK oil exploration company FLOYD OIL PARTICIPATIONS, which was formed in May 1979 and has exploration interests onshore in the UK and in the U.S. and Canada. Trading in 7.5m ordinary shares of Floyd Oil began in November last year under rule 163 (3) of the London Stock Exchange.

★

Mr. Donald D. Durban has been elected chairman of the board of management of the BRITISH HOTELS RESTAURANTS AND CATERERS ASSOCIATION in place of Mr. George Hill. Mr. Ian Bell is the new vice-chairman. Elected to the board for the first time are Mr. Giles Shepard, Mr. Graeme Simmers, and Mrs. Anne Voss-Bark.

Westward TV chief survives vote

LORD HARRIS of Greenwich, chairman of Westward Television, yesterday survived an attempt by supporters of former chairman Mr. Peter Cadbury to unseat him. The voting was 100,308 to 41,136 in favour of the present Harris board.

Mr. Arthur Boucher, who proposed the resolution to remove three directors, Lord Harris, Mr. Ronnie Perry, the managing director, and Mr. Kenneth Holmes, said he was "highly dissatisfied with the financial performance of the company."

There has been debate over whether the new contractor, Television South West, will take over the franchise earlier than the January 1, 1982, deadline.

Producers form association

AN INDEPENDENT Programme Producer's Association, with more than 200 members, has been formed to negotiate with unions and the management of the new ITV Fourth Channel Company. The association has started talks with the Fourth Channel and seeks negotiations with the unions over pay and conditions.

Mr. Michael Peacock is the IPPA chairman. The Independent Broadcasting Association sponsored Fourth Channel company has agreed to pay 1 per cent of its fees to IPPA members direct to the IPPA.

Government aid for robot work

GOVERNMENT assistance for the development of robot control systems has amounted to £3.6m, of which £2.5m has been channelled through the Science Research Council.

Some £15,000 has been given to help launch the British Robot Association and £350,000 to the National Engineering Laboratory for robot development work under an automated small batch production project. The Steel Castings Research and Trade Association has been allocated £305,000 for a project on robotics in foundries.

Proposal for VAT charity relief

A PROPOSAL for relief from Value Added Tax to be granted to charities has been made to Sir Geoffrey Howe, the Chancellor of the Exchequer, by the National Council for Voluntary Organisations.

Last year charities paid £7m. in VAT and this year are expected to pay £12m. The council said relief from VAT would lift the threat of closure from some of the day centres and residential homes run by charities like Spastics Society which is making staff redundant.

Sealink may be sold to public

SEALINK, British Rail's ferry operation, could be the first subsidiary to be sold to the public.

Mr. Kenneth Clarke, Parliamentary under-secretary at the Ministry of Transport, told MPs investigating the Transport Bill that it may be sensible to sell Sealink "at a much earlier stage" than some other British Rail subsidiaries.

Drop in school meals figures

A 27 PER CENT drop in the number of children having school meals in the year to October 1980—when most local authorities raised meal prices sharply in response to public-spending cuts—was announced yesterday by Mr. Neil Macfarlane, Parliamentary under-secretary for Education and Science.

The number of children receiving free meals because of low family income fell by more than 19 per cent from 898,768 to 724,257 in State schools in England in the period.

Fraser not to take up Harrods chairmanship

BY JOHN MOORE

SIR HUGH FRASER, the deposed chairman of House of Fraser, the Harrods store group facing a takeover bid by Lonrho, plans not to take up the chairmanship of the group's flagship, Harrods of Knightsbridge, as intended next month.

"I have suggested to Professor Smith, and only suggested, that Mr. Robert Midgley, the present chairman who was due to retire, should stay in office. But whether that is done or not I do not know. But it ought to be done until we know what happens."

A short board meeting took place yesterday at Barkers store in Kensington, part of the Fraser group, to form a committee to fight the takeover.

Mr. Tiny Rowland, Lonrho's chief executive who sits on the board, was present, as was Mr. Paul Spicer, who was representing Lord Duncan-Sandys, Lonrho's chairman who sits on the Fraser board.

Mr. Rowland, Mr. Spicer, and Sir Hugh Fraser left together after 20 minutes and talked to the Press outside Fraser's London executive offices on the fourth floor of Barkers store.

Sir Hugh confirmed that he had been offered the presidency of the company by the Board. "How do you like that? You usually associate a presidency with something of an elder statesman. I don't think I am too old yet."

Professor Smith held a Press conference yesterday at which he said: "We regret that Sir Hugh Fraser has chosen to align himself with Lonrho, but our loyalties must remain to the company and its shareholders and not to one man."

He said all the directors of the House of Fraser, with the exception of the Lonrho camp, had voted for a change of chairman. "We would have liked Sir Hugh to have become president of the company."

Commenting on why the board wanted Sir Hugh removed from office, Professor Smith said: "I think the board generally felt that they wanted a change in the direction of the company. We felt that a change was necessary."

He said Sir Hugh's removal "had been on the cards for some time," ahead of the surprise reconciliation between Sir Hugh and Mr. Rowland. The two men settled differences at a private meeting in Scotland over a week ago.

Professor Smith said meetings had been held with important institutional shareholders about Lonrho's 150p per share cash bid. They all felt that the offer was "derisory," he claimed.

Air Florida to cut Miami prices

BY LYNTON McLAIN,

AIR FLORIDA was given approval by the Civil Aviation Authority yesterday for new low-price flights between Gatwick and Miami.

The airline is set to compete with Laker Airways, British Airways and Pan Am on the route from April 4.

The cheapest fare on Air Florida will be £99 single in the low season and £119 in the high season.

Laker Airways' low-season fares range from the £82 single "walk-on" fare up to June 14 to the £101 economy single, with optional advance booking, available till April 14. The Laker "walk-on" fare rises to £99 single after June 14, and the economy single becomes £130 after April 14.

Air Florida plans to undercut Laker Airways' high-season economy fare of £160 by £41 with an offer of a £119 single economy fare from May, when its high season fares start.

● British Airways investments at Gatwick Airport were "placed at risk" by plans of Laker Airways and British Caledonian Airways to take over routes which the State airline dropped this winter because of mounting losses, BA said yesterday.

Mr. Gerry Draper, director of commercial operations for British Airways, told the Civil Aviation Authority hearing into the independent airlines' applications that BA had invested £170m in services at Gatwick.

These include facilities and aircraft for British Airtours, the airline's holiday tour operating company.

BA has also invested in routes from Gatwick to Frankfurt, Düsseldorf and Zürich which duplicate other BA services to the same destinations but operated from Heathrow.

The duplicated routes from Gatwick have lost BA more than £20m. They were withdrawn for the winter, when demand is low and the possible losses high.

Bottle of Scotch to rise by up to 30p next month

BY GARETH GRIFFITHS

THE PRICE of a bottle of Scotch whisky in the shops is likely to be increased by between 20p and 30p next month because of price rises recently announced by the manufacturers.

The Distillers Company, Bells, Teachers and Cutty Sark have already announced increases, and others are expected to announce similar rises shortly. The annual increases have been brought forward this year because of the early Budget on March 10.

Bells, which is the most popular whisky brand in the UK, is to increase the gross wholesale price of a case of 12 bottles by £4 on February 9.

Teachers' Highland Cream will increase by £3.50 a case and DCL is to add £3.40 to a case of White Horse and John Barr, and £3.90 on Haig, Dewars, Buchanan Blend and Crawford Three Star from February 24.

Cutty Sark is raising its price by £3.50 a case on February 23.

This should mean a variety of price increases in the shops which are likely to be less steep in the large chains and supermarkets. Whisky will go up by 2p to 3p a tot in public houses to an average price of about 50p.

Not all the increases will be passed on to the consumer. While the rises refer to the gross wholesale prices, the manufacturers have also increased the trading allowances they make to their customers.

Large retailers are also able to exert pressure on manufacturers for additional discounts and the effect could mitigate price rises for consumers.

January has been a poor month for whisky clearances from bond on which duty has been paid, which suggests that either retailers over-ordered for the Christmas holidays or that demand is low and stocks are being kept equally low.

Research by Distillers suggests that retailers have adopted a policy of keeping historically low stocks because of the recession and the level of interest rates.

Prices have risen for two reasons: to cover costs and to keep up margins. Consumption in the UK fell last year by between 10 and 12 per cent

Firm prices for clarets

BY EDMUND PENNING-ROWSELL

YESTERDAY'S well-attended Christie wine sale provided the first opportunity this year of gauging the trend of prices of classic claret vintages of the last 20 years.

In the light of the recession and talk in some quarters of destocking, they were distinctly firm, and if not reaching their 1979 peaks, the level of prices paid, chiefly by domestic trade and private buyers, almost equalled and sometimes exceeded the best of last year, when in general the highest figures were recorded in the first six months.

Among the leading '61s, the prices paid per dozen were: Lafite (£840), Mouton Rothschild (£720), Haut-Brion (£560) and Cheval-Blanc (£540).

The '66s sold well, including Lafite (£390), Mouton Rothschild (£310), Ch. Margaux (£280) and La Mission Haut-Brion (£210).

The '70s maintained their firmness of the latter part of last year: Petrus (£520), Latour (£260), La Mission Haut-Brion (£150), Domaine Chevalier (£135) and Léoville-les-Cases (£125).

The sale total was £64,705, with more than 95 per cent sold.

Adviser to Transport Secretary resigns

By Lynton McLain, Transport Correspondent

MR. IAN HEGGIE, the special adviser to Mr. Norman Fowler, Transport Secretary, resigned yesterday after allegations in the New Scientist that he had used his position to try to obtain a job with Oxford University.

The allegations, in the journal's issue published yesterday, were based on a letter sent from Mr. Heggie last March to Dr. Philip Goodwin at the university's transport studies unit.

The letter suggested that Oxford University might not get Government research contracts if Mr. Heggie were not offered a post as reader.

In his letter of resignation to Mr. Fowler, Mr. Heggie said: "The allegations made by New Scientist and the inferences that they have drawn from my letter are wholly inaccurate and untrue and I will be issuing a full statement as soon as possible.

"I categorically assure you that I have never used nor attempted to use my position as special adviser to obtain employment or to influence the placing of contracts nor have threatened to do so.

"I now feel that I must devote my time and energy to clearing my name and this would be impossible if I was to remain as your special adviser," he wrote.

Mr. Fowler replied in a letter: "I understand that your need to use your time now in the way you describe makes you feel it necessary to resign your appointment. I can only accept this, though with regret."

Talbot and Range Rover seek 900 redundancies

BY ARTHUR SMITH, MIDLANDS CORRESPONDENT

TALBOT AND Range Rover yesterday announced more than 900 redundancies in the West Midlands.

Talbot, the UK subsidiary of Peugeot, of France, plans to cut 525 jobs at its Ryton assembly plant in Coventry, where 2,250 employees have been working a one-day week since November.

The latest cut means the company will have shed more than 5,000 jobs, or 25 per cent of its total labour force, in little more than a year.

Uncertainty continues about the future of the factory at Linwood, Scotland, which could close later this year unless Peugeot invests in assembly of a new model there.

Talbot blamed the planned redundancies at Ryton, where the Alpine and Solara models are assembled, on depressed UK demand. But the company yesterday opened talks with the trade unions on plans to return the reduced labour force to a four-day week by the end of February.

Productivity improvements are being sought and output would be increased from the 260 to 800 vehicles a week.

Peugeot's plant at Poissy, France, which also assembles the Alpine and Solara, recently implemented about 1,700 redundancies and has a programme of short-time working to reduce stocks of unsold cars.

BL is seeking up to 400 volunteers for redundancy at its Land-Rover and Range Rover plant at Solihull, Birmingham.

Range Rover assembly will shortly be transferred to a £20m building at Solihull as part of a £225m programme to expand production of four-wheel drive vehicles.

The consequent productivity improvement in Range Rover assembly, given the same output, could necessitate the loss of up to 400 jobs. About 100 employees have already volunteered for redundancy.

About 1,200 workers assembling the Land-Rover are currently on short-time because of depressed UK demand and sterling's strength.

● Nearly 1,000 shopfloor workers at Rolls-Royce's motor diesel division at Shrewsbury—who have been on a three-day week since last September—return to full-time working over the next five weeks.

The company, Shrewsbury's biggest employer, said there had been an upturn in orders.

Chemicals plant to shut

By Our Chemicals Correspondent

BTP TIOXIDE, jointly owned by Imperial Chemical Industries and the Lead Industries group, is to shut its titanium dioxide plant at Billingham on Teesside with the loss of 350 jobs.

The company blames the closure on the recession plus high energy prices and the strong pound. Titanium dioxide is used in making pigments.

World consumption of pigments dropped by 9 to 10 per cent last year, whereas before the economic downturn demand grew at an average of 4 per cent a year.

The plant being closed at Billingham can produce about 32,000 tonnes a year.

BTP is Britain's leading producer of titanium dioxide and has plants at Grimsby and Greatham.

Solihull may cut 600 jobs

BY LORNE BARLING

SPENDING CUTS by Solihull Borough Council in the coming year are expected to lead to the loss of more than 600 jobs, trade unions have been warned.

Proposals for a £3.7m cut, drawn up by the policy committee to keep rate increases below 20 per cent, will be put before a council meeting on Tuesday.

Details of the recommended cuts have been given to the National Union of Public Employees, the Transport and General Workers Union and the General and Municipal Workers Union. All agreed that compulsory redundancies should be opposed.

Mr. John Scampion, the Town Clerk, said efforts would be made to achieve the loss of jobs through voluntary means.

The policy committee has called for the loss of 153 teachers, 32 ancillary staff, 36 social workers, 40 refuse workers, seven handymen, the equivalent of 140 full-time home help posts, 60 full-time school canteen staff and 149 full-time school cleaners.

● James Walker and Sons, blanket makers, is closing its factory in Witney, Oxfordshire, with the loss of nearly 50 jobs. The company blames the closure on a drop in orders, increased import penetration and high interest rates.

● Yorkshire's oldest newspaper, the Doncaster Gazette, closed yesterday after nearly 200 years of publication, with the loss of up to seven jobs. Doncaster Newspapers is to axe the Saturday edition of the Gazette's sister paper, the Evening Post, replacing it with a weekend Post.

UK NEWS

Cost-saving plan for gas field

BY RAY DAFTER, ENERGY EDITOR

BRITISH GAS plans a revolutionary system of development for its Morecambe Field in the Irish Sea which should save it well over £100m.

Morecambe is the largest single project in British Gas's five-year investment programme. Even with the savings, the scheme is likely to cost at least £1bn.

The corporation plans to use slanting wells which will enable the long, shallow field to be exploited through fewer platforms. It expects to install about 10 structures—a central processing platform, an accommodation platform and six to eight drilling platforms.

Mr. Cedric Brown, the director in charge of the Morecambe project, said the field would need 17 to 20 platforms if conventional drilling was adopted.

British Gas is about to order a jack-up drilling rig, costing about £20m, to work on the project. It will carry accommodation facilities and supporting equipment for the drilling operations. This will lessen the complexity, weight and cost of each fixed platform.

The wells will be drilled at an agle of 30 degrees rather than vertically, which is the normal development practice. British Gas had to redesign special slant drilling equipment to take account of the conditions of the Irish Sea.

It may apply for patents to cover its drilling system. The corporation said it was the first time a combination of jack-up rig and slant drilling technique had been used by the oil and gas industry.

The corporation plans to vary the field's output according to seasonal demand. In the winter, gas may flow at a peak rate of 1.2bn cubic feet a day (cfd). In the summer output could be as low as 100m cfd.

As a result the field, with some 5 trillion (million million) cubic feet of recoverable reserves, could be in operation for at least 40 years.

It may be used later as a natural storage reservoir for gas produced from other fields or substitute natural gas plants.

Mr. Brown said the production platforms would be small, but particularly strong to last the lifetime of the field and withstand the Irish Sea's strong tides and currents.

British Gas expects to begin ordering the platforms — each costing more than £10m — later this year. The field is due on stream in the winter of 1983-84.

Mr. Brown said that to meet this target the corporation would scrutinise fabricating yards' delivery performance. He hoped it would be possible to place the orders for the jack-up rig and the platforms in the UK. There was a possibility that it might order a second rig to support the drilling programme.

Much of the £1bn development costs will go towards installing pipelines, a shore terminal and high-pressure trunk lines. Mr. Brown said the project would be financed from British Gas's own resources.

In the next five years the corporation plans to spend £4bn on field development, transmission and storage projects.

Government energy policy attacked

BY MAURICE SAMUELSON

THE GOVERNMENT was challenged yesterday to give up its "naive" free market attitude towards fuel prices and to publish a White Paper for Britain's energy policy.

The call came from Professor Ian Fells, head of the energy conversion department at Newcastle upon Tyne University, who said lack of a national policy forced those in the energy business to base their plans on "hints, ex-cathedra statements and crystal ball gazing."

Professor Fells, a former president of the Institute of Energy, outlined his views on energy policy in a speech at the District Heating Association's annual general meeting. He listed those fields which he said had suffered from the Government's reluctance to take major decisions.

Lack of a defined policy had caused confusion among the nationalised fuel industries and had hit energy conservation programmes.

It had also delayed decisions on combined heat and power schemes, and the Severn Barrage which had been regarded as a possible energy source for 50 years.

Taxation had also been neglected as an instrument of energy policy except to tax fuel oil, even though "the whole field of transport could be revolutionised by a taxation scheme aimed at improving energy efficiency."

Successive governments had abdicated their responsibilities to highly charged planning inquiries which had left no room for reasoned compromise.

While there was "an energy policy of a sort," it was so timid that the Government dared not expose it to debate in the traditional form of a White Paper.

Although neither of the main political parties escaped his criticism, Professor Fells was particularly scornful of the Government's "touching and naive faith in the regulating ability of market forces."

This obliged the fuel industries to go their separate ways. While the National Coal Board said it expected to produce 170m tonnes in the year 2000, the Energy Department expected an output of only between 150 and 155m tonnes.

It was "surprising," too, that Mr. David Howell had been appointed Energy Secretary even though Mr. Tom King had previously spent two years studying the subject as Shadow Tory energy spokesman.

The Government's philosophy about pricing had put industry at a disadvantage with competitors in Europe and America, especially in chemicals. Instead of arguing over the fine detail of price structure, it should provide energy at a price which would strengthen the UK's industrial base.

It should mount a crash programme of house insulation reminiscent of the task force operation to convert houses to natural gas in the 1960s.

Coal consumption falls as output rises

BY MARTIN DICKSON, ENERGY CORRESPONDENT

THE FINANCIAL difficulties facing the National Coal Board were underlined yesterday by official figures showing that UK coal consumption fell to 123.5m tonnes last year—5.8m tonnes down on the previous 12 months.

At the same time, coal production rose to 130.1m tonnes—the highest level since 1973 and an increase of 7.7m tonnes on 1979, according to Energy Trends, the Department of Energy's monthly statistical bulletin.

Falling demand and an increase in net imports of 3.2m tonnes meant that coal stocks rose by 9.8m tonnes during the year to 37.7m tonnes last month.

The NCB is drawing up an austerity plan because of the weak market, which will be presented to unions on February 10. It will include production cuts and is expected to mean an accelerated programme of pit closures.

Energy Trends shows that the UK's energy consumption from September to November fell by 6.7 per cent compared to the same three months of 1979, on a seasonally adjusted and temperature corrected basis. Consumption of oil products was down 12.8 per cent.

Electricity supplied by the public utilities fell 3.5 per cent. The UK's North Sea oil production in September-November was nearly 20m tonnes—1 per cent higher than the same months of 1979 and the first production rise over a three month period since the spring.

Deep-mined coal production totalled 112.4m tonnes last year, up 4.3 per cent on 1979, while opencast output rose by 22.7 per cent to 15.8m tonnes.

The opencast total is a record and means that this sector has attained the 15m tonne-a-year production target which it was meant to reach by 1985 under the six-year-old coal expansion programme.

There were large falls in coal consumption by coke ovens, industry and domestic consumers last year. Power stations used 0.8m tonnes more than in 1979, but its coal imports also rose.

25p bus ticket plan for London suburbs

By Lynton McLain

A FLAT FARE of 25p has been proposed for almost all London Transport's suburban bus services from April 4.

Over 250 routes are affected by the proposal, which has been agreed by London Transport and the Greater London Council, but has to be confirmed by the council's London Transport committee on Monday.

The 25p fare will apply to an area bounded by the GLC boundary and an inner boundary through Lewisham, Herne Hill, Putney, Chiswick, Willesden, Hampstead, Stamford Hill and Bow in east London. Flat fares already apply on certain single deck bus services in London.

Composite fares over 25p will be charged for journeys which cross the boundaries. But in the flat fare zone passengers will save up to 33p on each journey.

The flat fare was tried on two routes in Harrow and Havering last year, which proved the scheme could generate extra revenue for London's heavily subsidised bus services.

The announcement of the plan yesterday came only days after London Transport detailed its plans for the sale of weekly bus passes through newsagents in Croydon and Barnet.

David Churchill on a toy company's plight

Airfix mirrors depression

ON THE EVE of the toy industry's annual trade fair, which opens at London's Earls Court tomorrow, Airfix Industries was yesterday finally forced to call in receivers.

The development had been likely for the past 12 months as Airfix has struggled to stay solvent in a notoriously fickle business.

Pre-Christmas toy spending—traditionally the industry's most important time—was unimpressive, even though low stockholdings by many retailers gave the impression that sales were good.

With the recession continuing, and unemployment increasing, the outlook for toy spending this year is already gloomy. Exhibition space at tomorrow's trade fair is down by some 10 per cent and few exhibitors can feel at all buoyant about the prospects for 1981.

Airfix, however, has been fairly bullish in recent weeks about its prospects, pointing to a revamped product range and claiming that its December sales were a record for the company.

Two weeks ago Mr. David Sinigaglia, Arifix's managing director, suggested that "all indications show that retailers have now reduced their stocks to a level which leads manufacturers to expect far stronger sales from now on."

But whether Airfix would be given the chance to compete for these sales—if, in fact, they materialise against all the odds—has been open to doubt for some time.

In November, Airfix published its much-delayed financial results for 1979-80. These showed a pre-tax loss of £2.1m even before factory closures. These were followed in December by the interim figures showing a loss of £2.35m for the six months to end September on a decline in turnover from £11.8m to £11.3m.

These results came after a year in which the company had struggled to reduce its bank borrowings. Just before Christmas 1979, Airfix closed its Liverpool-based Meccano factory with the loss of 900 jobs.

The closure, a severe blow in an area of high unemployment, was contested by trade unions and MPs and managed to absorb much of the company's management time. Stockbrokers Grieveson Grant suggest that "had the Meccano closure proceeded smoothly the group would be in a stronger position."

In a further move to raise money to reduce its borrowings, Airfix sold its profitable Crayonne and Declon plastics companies last November for £4.7m.

The moves helped reduce Airfix's bank borrowings from the £23.3m at the end of the financial year to the £17.5m, agreed with its bankers and, apparently, underwritten until August of this year.

However, when Airfix recently exceeded the borrowing limit it was forced to consider more stringent options. Airfix said yesterday that it had "put forward proposals to its UK bankers for a financial reconstruction of the group."

But, after 10 days negotiation, thebanks turned down the proposals on Wednesday night. Mr. Ralph Ehrmann, Airfix's chairman, said yesterday that Airfix was 'very surprised the banks were not prepared to accept the proposals as presented. They seemed very reasonable to us and our advisers."

Consequently, Airfix had no option but to request a shareo suspension and to call in receivers. The banks have appointed Mr. W. Mackey and Mr. W. Roberts of Ernst and Whinney as joint receivers.

The joint receivers are continuing Airfix group businesses while they review operations. They aim to sell the various businesses as going concerns.

Airfix's toy business is divided into four main groups: plastic construction kits; model railways; the Dinky and Meccano ranges; and the toys, games, arts and craft ranges.

Airfix is only the latest toy trade casualty. A year ago Dunbee - Combex - Marx was forced to call in a receiver, Lesney to shed 1,300 jobs, and most companies to announce losses.

Pressures on the industry face British industry in general. These include out-dated products, soaring sterling, rising imports, and a foreign stranglehold on vital new technology.

There has also ben a growing concentration of market power in the hands of a few large retailers who have been able to force manufacturers into cutting their profit margins by offering substantial discounts.

However, Airfix has some bright spots since there is wide acceptance of the quality of its products. But whether they can be produced cheaply enough to compete with overseas competition is a question that any potential buyer will have to consider.

Pointon leaves National Bus

By Lynton McLain

MR. FRANK POINTON, the deputy chief executive of the State-owned National Bus Company, is to leave NBC on January 31 by mutual consent.

Mr. Pointon was appointed deputy chief executive in January 1977 and a member of the Board two years ago.

He joined National Bus in 1969 from the British Electric Traction Company where he was an executive director. He is a member of the council and executive committee of the Confederation of British Road Passenger Transport.

Union presses for engineering council

BY HAZEL DUFFY, INDUSTRIAL CORRESPONDENT

THE GOVERNMENT should set up the Council of Engineering despite opposition this week from the professional engineering institutions, the Engineers' and Managers' Association, one of the industry's most influential trade unions, has told Sir Keith Joseph, Industry Secretary.

Mr. John Lyons, general secretary of the EMA, said yesterday: "If Sir Keith goes ahead and the engineering institutions try to sabotage the new body they will not succeed.

"They would, however, finally discredit themselves in the eyes of their own members and the country.

"Furthermore the EMA, which represents the greatest number of chartered engineers of any union, would not stand idly by."

The union still prefers a statutory body to the chartered Council of Engineering the Government proposes in the wake of the Finniston Report on professional engineering.

But the draft charter drawn up by the Department of Industry is seen by the union as a great improvement on that put out first by the department.

The presidents of the 16 engineering institutions agreed at a meeting earlier this week that the profession "would not be able to co-operate with a body constituted as now proposed."

It was clear from the statement by the presidents and by the chairman of the Council of Engineering Institutions that they want fundamental changes rather than changes in detail.

It is a year since the Finniston Committee reported. There have since been two major rounds of consultations between the department, the institutions and other interested bodies.

UK NEWS

EEC high technology fund sought

BY JOHN ELLIOTT, INDUSTRIAL EDITOR

AN INDUSTRIAL development fund should be set up by the European Economic Community to help co-ordinate support for high technology industries, say 11 British Conservative Members of the European Parliament.

This would form part of a new approach to European social and industrial policy aimed both at making EEC industry more competitive and introducing new labour laws into the UK.

The plan was launched yesterday by Sir David Nicolson, chairman of Rothmans International and BTR and former British Airways chairman. He is the European Parliament Member for London.

Speaking shortly before Nissan Datsun of Japan announced plans for possibly setting up in the UK, Sir David said: "If the EEC is going to be any good and contribute at all to us having our own industrial future, rather than just becoming employees of Japan or the U.S., then it must find ways of stimulating industries.

"It must use all its assets including the common market, the combined strength of the EEC in overseas trade negotiations, and co-ordination of industrial developments."

The industrial development fund would work closely with the European Investment Bank and the European Coal and Steel Community, providing favourable loans for microelectronics, space and other high technology developments.

It would be backed by a Council of Industry Ministers from the EEC countries, a European Economic Industrial Research Unit and a stronger industrial directorate within the European Commission. It would operate alongside the regional and social fund.

Through the fund, the EEC would invest jointly with the private sector to back research and development projects. National support schemes would be co-ordinated for key industries.

The Euro-MPs' report is to be discussed at a conference on Monday organised by the London Chamber of Commerce.

On industrial relations, Sir David indicated that the Euro-MPs want to use the EEC to try to change UK attitudes to labour laws. "A code with the EEC's stamp of approval might help to have things introduced in the UK," he said.

The report favours abolition of the closed shop, secret ballots, binding contracts, profit-sharing and consultation.

* *Report on Industrial Policy. European Democratic Group. European Parliament, 2, Queen Anne's Gate, London SW1.*

'Figures on Ulster spending misleading'

By Our Belfast Correspondent

THE Northern Ireland Economic Council has told the Government that to claim the level of public spending per head in Northern Ireland is 35 per cent above the rest of the UK is totally misleading.

The council, which advises the Government on economic affairs in the province, published a report yesterday arguing against the Government's figures.

The report says that in 1980-81 the planned level of spending in Northern Ireland, under the control of the Ulster Secretary, was 30.5 per cent higher than in Great Britain.

Sir Charles Carter, chairman, said that if wider aspects of public expenditure — on electricity subsidies, water services and housing—were taken into account the differential fell to about 25 per cent.

The report said the differential could be shown to be minimal—around 2 per cent—if calculations included the effect of migration from the province, the impact of national social security, health and agricultural policies, and the special needs for housing and security.

Public Expenditure Comparison between Northern Ireland and Great Britain, from the Economic Council, Parliament Buildings, Stormont, Belfast.

Brighter inflation prospects forecast

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

A BLEAK outlook for output and unemployment is likely to be coupled with brighter prospects for inflation and public sector borrowing over the next five years, the Economist Intelligence Unit forecasts this morning.

The EIU economists have prepared a major review of the outlook to 1985 for the St. James's Group, a club of business organisations.

The central forecast assumes a continuation, though gradual relaxation, of present Government policies. Output, as measured by real Gross Domestic Product, is not expected to regain its 1979 level until 1985 following a 3.6 per cent drop this year. Manufacturing production in 1985 is expected to be below the level of the late 1960s.

Registered unemployment is expected to reach a level of 3m towards the end of next year, though unregistered unemployment will be substantially higher.

In contrast, the annual rate of retail price inflation is expected to decline to 10½ per cent by the end of this year with a rate of 6½ to 7¾ per cent in the 1983-85 period.

North Sea oil production will have an increasing impact on public sector receipts. Moreover, as the economy bottoms out of the recession the increase in public sector borrowing due to falling output will end.

For the years beyond 1981, the forecasters see little difficulty for the Government in achieving substantial reductions in the level of public sector borrowing as a percentage of Gross Domestic Product. Indeed the Government should be able to cut the basic rate of income tax from 30p to 26p in the pound by the next general election.

The consequences of an explicit change in the direction of policy in 1982 are examined using the Economist Intelligence Unit's version of the Treasury's econometric model.

As in the main forecast, income tax can be cut to 26p in the pound. The employers' national insurance surcharge could be abolished and value added tax cut to 13 per cent in 1982 with further cuts to 9 per cent in 1984.

Increase in imports of domestic appliances

BY ELAINE WILLIAMS

A SIGNIFICANT increase in imports of small domestic electrical appliances has been recorded by the Association of Manufacturers of Domestic Electrical Appliances.

For the 11 months to November 1980 imports of toasters rose from 60 per cent to 72 per cent, of irons from 28 per cent to 45 per cent, and of dry shavers from 74 per cent to 85 per cent.

The association says the total market for domestic appliances for the 11 months is about 9 per cent lower, taking inflation into account, than the same period in 1979.

Mr. Jim Collis, the association's director general, says that while manufacturers were making efforts to maintain their market share "in small appliances, the number and variety of products available, from foreign makers, many at what we regard as unrealistic prices, is having a major effect on UK industry."

However, UK manufacturers are maintaining their improvement in market share of some major white goods. Imports of automatic washing machines for 1980 were down from 45 per cent to 41 per cent, and of refrigeration products from 51 per cent to 47 per cent.

The association says UK vacuum cleaner manufacturers—under pressure from EEC and Eastern European makers — continue to be badly hit. Deliveries for the 11-month period were down by 24 per cent compared with the same period in 1979.

RAF receives Tornados

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DELIVERIES of Tornado multi-role combat aircraft have begun to the RAF, and 15 production aircraft are based at the new tri-national Tornado training establishment at RAF Cottesmore in Leicestershire, which was formally opened yesterday.

So far, nearly 40 Tornado aircraft have flown, and production in the three countries involved in the programme—the UK, West Germany and Italy—is on schedule.

Over 500 companies with about 70,000 employees are involved in the programme in the three countries.

There have been firm orders for 314 Tornados out of an eventual planned total of 809. Further production batches will be ordered progressively through the 1980s. Of the total the RAF is to receive 385 aircraft, the German Luftwaffe 212, the German navy 112, and the Italian air force 100.

Each Tornado costs £11. The total cost of the full production programme will thus be close to £9bn.

The tri-national Tornado training establishment will be producing 170 operational crews for the two-seat aircraft every year. The first operational crews for squadron service, taken from the armed forces of all three countries, are due to graduate this summer. The establishment will eventually be equipped with 48 aircraft — 23 German, 19 British and six Italian.

Six main brewers back big promotion

Guinness to boost its bottled stout

BY GARETH GRIFFITHS

GUINNESS IS launching a major promotion of its bottled stout next month in 31,000 public houses to try to stop the drift towards draught stout.

The promotion is backed by the six main breweries, Allied, Grand Metropolitan, Bass, Whitbread, Courage and Scottish and Newcastle and will concentrate on setting up Guinness drinkers' clubs in the public houses used in the promotion.

Membership will be open to anyone who has bought six bottles of Guinness and the company plans to offer a range of memorabilia. Market research has shown that drinkers of bottled Guinness are a loyal if declining breed of mainly middle-aged and elderly men.

Guinness executives believe they will talk about the product to friends and relatives once the clubs are formed. Support for football fan clubs has not gone unnoticed.

The drinkers' clubs idea is not a new one. Shepherd Neame, the Kent brewery, has run a similar scheme for some years with great success. What is new is the scale of the Guinness launch—the largest bottled beer campaign for many years.

Bottled Guinness now accounts for only 55 per cent of total Guinness sales of between 2m and 2.5m bulk barrels a year (576m pints to 720m pints a year)—a lower percentage than ever before

The impetus for the campaign to win customers back to bottled beer stems mainly from the fact that Guinness makes more profit on bottled sales than on draught. Guinness also permits other breweries to bottle its product.

Guinness stout keeps its naturally conditioned state better in a bottle than in other containers. However, agreements allowing other brewers to bottle Guiness for sale in their own tied houses—leading to wider distribution—have also led to a large variety of bottle types.

Bottles break more easily and lead to storage problems. In addition bottled Guinness is more expensive than draught, for example, bottled Guinness costs 3p a pint more in London than draught.

Guinness believes it can overcome these problems and persuade younger people to drink bottled Guinness through improved marketing.

Some forecasters suggest the promotion could end the long term decline of bottled beer.

The 1950s were the golden years of bottled beer. Sales were nearly half total bottled beer sales. But returnable and non-returnable bottles in 1979 accounted for only 11.7 per cent of all beer sales, only slightly more than canned beer.

This sharp decline has been speeded up by supermarkets preferring cans. The supermarkets are unhappy handling glass storage containers because of breakages. Cans are lighter and more convenient.

A key indicator is the sale of bottle washing equipment to the brewing industry which has remained depressed. However, the cost of cans and pressure from conservationists could boost bottled sales.

Bottled beer seems likely to make a comeback in Denmark where sales are encouraged by a 0.65 Kroner (4p) conservation tax per bottle. In the U.S., Oregon has banned beer cans.

UK NEWS—PARLIAMENT and POLITICS

PM scraps plan to merge Civil Service with the Treasury

BY IVOR OWEN

THE PRIME MINISTER confirmed in the Commons yesterday that the Civil Service Department is to remain a separate entity and will not be merged with the Treasury.

She admitted having reached this decision after starting off "marginally in favour" of a merger.

Mrs. Thatcher explained that she had departed from her initial view after recognising the danger that too much attention might be concentrated on the reorganisation of the two departments rather than dealing with the main problem which was the effective control of public spending.

She had therefore decided to strengthen and improve the existing organisation of the Civil Service Department.

Mr. Jock Bruce-Gardyne (C., Knutsford) called for a restoration of Treasury control and "good housekeeping" over the great spending departments which appeared to have declined when the Civil Service Department took charge of promotions at the top end of the Civil Service.

The Prime Minister pointed out that promotion to top level appointments was subject to the approval of the Secretary of State

She agreed that those in charge of the departments should be capable of insisting on proper control of public spending and securing value for money.

● The Prime Minister backed Mr. Leon Brittan, the new Chief Secretary for the Treasury, in resisting Opposition demands for big increases in public spending on job creation.

He explained that the average cost to the Exchequer for each unemployed worker was approximately £3,500 a year.

Mr. Brittan insisted that it did not follow that through the spending of comparable sums it would be possible to create employment to the same extent.

Mr. Peter Shore, Labour's Shadow Chancellor, emphasised that the rise in unemployment to 2.42m had been a major factor in causing the overshoot of the target set by the Government for the Public Sector Borrowing Requirement.

MPs react favourably to Tebbit statement on Nissan UK project

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

THERE WAS a favourable reaction from most Conservative and Labour MPs in the Commons yesterday when Mr. Norman Tebbit, Minister of State for Industry, warmly welcomed the intention of the Nissan Motor Company to establish a volume car manufacturing plant in Britain.

Mr. Tebbit said the Japanese company wishes to go ahead with the project subject to a feasibility study and the Government was prepared in principle to approve and support it.

His brief announcement brought a confused reaction from Mr. Stan Orme, Labour's Industry spokesman. In a long series of hostile questions, Mr. Orme said it was extraordinary that such a statement should be made only three days after the Government had announced £1bn in assistance to British Leyland.

"Many members of the senior management of BL are dismayed by the particular statement because of the consequences it could have upon BL," he said.

But he was then virtually disowned by a succession of Labour back-benchers who welcomed the scheme and fell over each other in their eagerness to have the factory built in their constituencies.

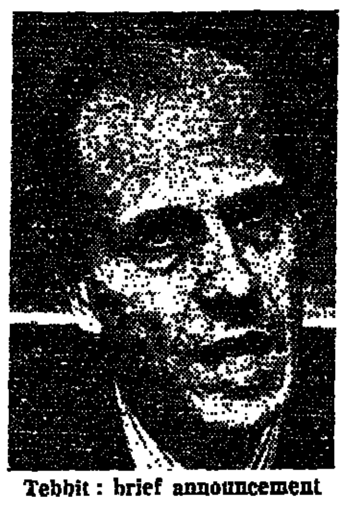
As a result, Mr. Orme rapidly modified his position and by the end of the exchanges he was stressing that his Party wanted to ensure that the Japanese company established permanent jobs in Britain.

The Conservatives were overwhelmingly behind the Minister's statement but even on their benches there were one or two misgivings about the effect the new plant would have on the West Midlands and the amount of public money involved.

The Minister got into hot water with the Opposition when he said he imagined that one town which would not be considered for the car plant would be Salford, which includes Mr. Orme's constituency.

Labour MPs demand that he should withdraw this remark and claimed that it was tantamount to intimidating Mr. Orme. But Mr. Tebbit refused to withdraw and tempers only cooled after frequent interventions by Mr. George Thomas, the Speaker.

Mr. Tebbit said that those looking for jobs from foreign investment would be shocked by the churlish reception which Mr. Orme had given to the news.



Tebbit: brief announcement

"BL have known of these proposals for some time and raised no objection to them," said the Minister.

Mr. Tebbit said the plans would have no effect o ntbe discussions which are going on between Britain and Japan on voluntary restraint on Japanese car imports into the UK. At the moment over 57 per cent of the British market was supliped by imported cars, amounting to 800,000 cars a year.

He anticipated that the 200,000 cars projected by Nissan at the British plant could do more to replace the imports than to replace cars produced by British manufacturers.

Mr. Jock Bruce-Gardyne (C., Knutsford), said it was inconceivable that the proposals should involve taxpayers' money running into hundreds of millions of pounds which would be used by Datsu to compete with BL, De Lorean and Talbot which had already received considerable Government assistance.

But Mr. Tebbit told him there was no direct Government investment in the project apart from the development area grants. He thought Mr. Bruce-Gardyne should welcome a private enterprise company which was staking its own money.

Mr. Hal Miller (C., Bromsgrove and Redditch) was worried whether the proposed 60 per cent of local content would be enough for British component manufacturers.

The Minister replied that it would be difficult for Nissan to guarantee more than 60 per cent local content at the start of their production, but this would reach 80 per cent by the time the plant was producing 200,000 cars a year.

"The cars which are manufactured here are substantially going to replace imports unless our manufacturers just throw in the towel," said Mr. Tebbit.

Howe under pressure on upgrading tax thresholds in Budget

BY IVOR OWEN

SIR GEOFFREY HOWE, Chancellor of the Exchequer, stonewalled in the Commons yesterday when he came under Opposition pressure to give an assurance that tax thresholds will be upgraded in line with inflation when he introduces his Budget on March 10.

His closely-guarded response clearly heightened Labour suspicions that this is one area where he will seek to resist any erosion of the revenue despite the prominent role played by Mr. Nigel Lawson, Financial Secretary, in forcing through the indexation provisions of the 1977 Finance Act.

This ministerial link with the commitment that the raising of personal allowances in line with inflation should be the budgetry "norm," was recalled from the Opposition benches and Mr. Frank Dobson (Lab., Holborn and St. Pancras), pointedly asked if it had now become "time expired" along with the Chancellor's credibility.

He stressed that if the tax thresholds were not raised, the heaviest burden would fall on the poorest in the community.

Sir Geoffrey made it clear that all relevant considerations would be taken into account when he framed his Budget.

But to the obvious concern of the Labour benches, he added: "It is still right to remember that the percentage of tax being raised by taxation of personal incomes is at a lower level than it was when this Government came to office."

Mr. Robin Cook, a new Labour spokesman on Treasury Affairs, claimed that the Prime Minister had already made her "Budget statement" to selected political journalists and indirectly instructed the Chancellor that he could not increase the rates of personal taxation.

He urged the Chancellor to follow the Prime Minister's example and give an assurance that he would not seek to increase revenue "by the back door" by failing to fully uprate personal allowances.

Sir Geoffrey retorted: "No decisions have been taken about the forthcoming Budget, and there can be no question of any links being made."

Asked when he now expected to see a substantial improvement in the economy, the Chancellor replied: "Inflation has been substantially reduced and there are excellent prospects for a further sharp decline."

He described the falling inflation as the key to sustainable recovery and also underlined the indications that the fall in output was coming to an end.

But it was of crucial importance that those engaged in pay bargaining should continue to recognise the part they could play through moderate wage settlements in helping to preserve jobs.

Mr. Geoffrey Rippon (C., Hexham), the former Cabinet Minister who has repeatedly pressed for a change of course in Government policy, again contended that there was no hope at all of an investment-led economic recovery while Minimum Lending Rate remained at its present level.

He asked what intellectual case there could be for any further issue of long dated Government stocks at present interest rates which assumed double figure inflation for years to come and added enormously to the PSBR.

Sir Geoffrey said the issue of gilts was one of the methods which was sensibly and conventionally adopted for covering the PSBR.

He acknewledged the continuing concern about the level of interest rates and said this was one of the reasons why effective control of the size of public spending and borrowings was so important.

Questioned by Mr. Richard Wainwright (Lib., Colne Valley) about the consequences for industry of the "exaggerated value of sterling," Sir Geoffrey maintained that the dominant cause of the decline in the competitiveness of British firms had been the rising level of unit costs.

A lowering of the rate of increase in unit costs through sensible pay settlements was the surest way of maintaining Britain's position in export markets.

Thatcher warns of Soviet threat

BY MARGARET VAN HATTEM, LOBBY STAFF

EUROPEANS SHOULD give the U.S. more recognition for its efforts in underwriting their freedom and should at least maintain their present level of financial contribution to NATO, the Prime Minister said last night.

In a major speech at the Pilgrims Dinner in London, the first of three timed to coincide roughly with her forthcoming visit to the United States, Mrs. Thatcher warmly praised President Reagan and his newly appointed Secretary of State, General Alexander Haig, warned against the "dark reality" of the Soviet threat, and called for a strengthening of the Atlantic alliance to counter it.

Transatlantic co-ordination had failed at the time of the Soviet invasion of Afghanistan, she added, and must be improved with an eye to Poland.

"The Atlantic partnership is and will remain by far the most important bulwark in the worldwide defence of liberty and democracy," she said.

"The conventional forces of the Warsaw Pact are far more numerous than our and their nuclear armoury is fully comparable with that of the West. Their reach is world wide. The Atlantic alliance will have to become still more purposeful and more resolute. Of course we remain ready to respond to evidence of a real Soviet interest in genuine detente, but at present I see none.

"President Reagan and his Administration have understood the challenge and the need for leadership. They are responding. We in Europe must also show that we understand the challenge.

"As the first step we must offer greater recognition of the extent of the American effort which guarantees our freedom.

"Secondly, we in Europe must make sure that we are doing all we can to contribute to our own defence.

"Thirdly both sides must make certain that the transatlantic arrangements for co-ordination on policy and decisons are kept in perfect working order. They did not work well when Afghanistan was invaded and we must heed that lesson—especially at a time when we are continuing to watch events in and around Poland with anxiety."

Stressing the special relationship between Britain and the U.S., Mrs. Thatcher underlined the similarity of outlook between herself and President Reagan on, for example, the need to limit the role of government.

Britain's membership of the European Community, she said, in no way conflicted with this special relationship.

"Britain's membership of the European Community cannot, and will not, lessen our friendship. To assert that there is any conflict between the two is to misunderstand America's links with Europe.

"Nor does closer co-operation within the Community threaten the links.

Cut in cash for disabled attacked

BY ELINOR GOODMAN, LOBBY CORRESPONDENT

AN ALL party committee of MPs yesterday accused the Manpower Services Commission of "astonishing insensitivity" for its proposal to cut the resources it devotes to the disabled. In its report on the MSC's corporate plan for 1981-85, the Commons Select Committee on Employment argued yesterday that no reductions were justified in this area of the commission's activities and urged Mr. James Prior, Employment Secretary, to reject the proposals.

The MSC, which has had to find savings of £160m in 1981-82, had proposed cutting the number of staff devoted to providing specialist services to the disabled—now 1,444—by 120. But yesterday, Mr. John Gorst, a Conservative member of the committee, said he was "shocked and astonished that the MSC could propose such an economy, particularly in the Year of the Disabled."

Mr. Prior is likely to come under pressure from other Tory backbenchers to block this part of the commission's plan, but the MSC said in its report that exempting services to disabled persons could not be justified in view of the restraints facing the employment service.

In its comments on the MSC's plan published yesterday, the employment committee also warned that the MSC might be seriously underestimating the number of unemployed who will need its services in 1981-82.

In preparing its plan for the year ahead, the commission worked on the basis of published figures—which suggest a range of 2.2m to 2.7m in 1981-82—and the Chancellor's own stated assumption in November that unemployment would average 2.3m in 1981-82. But yesterday the committee said they were not convinced by these figures and called for confirmation from the Secretary of State.

Mr. Gorst said the MSC would do better to plan on the basis of unemployment averaging between 3m to 3.5m this year on the grounds that it would be far more prudent to overestimate the number of people needing the MSC's services than to underestimate.

Select Committee critical of sick pay scheme

BY ERIC SHORT

THE GOVERNMENT'S proposals to make employers responsible for paying sickness benefit to employees during the first eight weeks of illness were ysterday condmneed by an all-party Commons Select Committee.

The committee's criticisms are the latest attack on the Government's plans, which have already been condemned by both sides of industry and other organisations

Under the proposals, the responsibility for sickness payments would be transferred from the Social Security scheme to employers, with a saving in Civil Service costs and jobs.

Employers would have to pay a statutory minimum rate per employee for the first eight weeks of sickness based on current sickness benefit levels—£30 a week at 1979-80 rates. Employers would be compensated by a 0.6 per cent reduction in their National Insurance contributions.

The Social Services Committee, in its second report for 1980-81, says the scheme has two serious defects. The first related to the costs imposed on employers in the difficult economic situation.

The committee says it is of primary importance that the method by which employers are reimbursed for their extra cost should be such that no section of industry bore a disproportionate burden.

The second defect highlighted by the committee concerned the needs of claimants. Those suffering from long periods of illness faced faced a confused pattern of income maintenance. Families, in particular, would suffer lower incomes during sickness under the proposed changes.

The committee had reservations about the extent of the real administrative savings. Savings, it suggested, would be more apparent than real, representing nothing more than a shift in costs from the public to the private sector.

The committee suggested a number of specific changes to mitigate these defects should the Government press ahead.

● It is essential that child benefit payments should be raised and then maintained at an adequate level to ensure that families did not suffer during a period of illness.

● The employers' statutory liability should continue for 28 weeks so the changeover from employer to the social security system could be smoother.

● The Government should compensate firms for the extra costs of the scheme by allowing them to deduct the sickness payments from their monthly National Insurance contribution bill. The MPs were critical of the Government for rejecting a similar propsal, put forward by the Confederation of British Industry.

Mr. Patrick Jenkin, Secretary of State for Social Services, questioned the findings of the committee.

He said it was not clear that the committee had taken account of the proper financial control inherent in the CBI scheme, nor was it clear why it cast doubts on the savings in Civil Service numbers.

However, the British Institute of Management welcomed the report. Mr. Roy Close, director-general of the 70,000-member institute said: "Now that the committee has endorsed our view that there should be adequate compensation for employers in the new scheme, the Government must seriously reconsider these ill-thought out proposals."

Second report from the Social Services Committee 1980-81. House of Commons paper 113, published by the Stationery Office.

Parliament next week

COMMONS

Monday: Education Bill and Insurance Companies Bill, Second Readings.

Tuesday: Debate on Poverty. Northern Ireland Orders on Fisheries and on Variation of Limits on Candidates' Election Expenses and Gas Levy.

Wednesday: Industry Bill remaining stages.

Thursday: Debate on the economy.

Friday: Private Members' Bills.

LORDS

Monday: Wildlife and Countryside Bill Committee. Debate on EEC Education Report.

Tuesday: Wildlife and Countryside Bill Committee. Bill of Rights Bill, Third Reading. Northern Ireland Orders on Fisheries and Variation of Limits of Candidates' Election Expenses.

Wednesday: Debate on Government criticism of the public sector. Criminal Justice (Amendment) Bill, Third Reading.

Thursday: Energy Conservation Bill, Report. Deep Sea Mining (Temporary Provisions) Bill Committee. Town and Country Planning (Minerals) Bill Committee.

Striking seamen deny using coercion as more ships are hit

BY PAULINE CLARK, LABOUR STAFF

THE NATIONAL Union of Seamen last night denied allegations by the General Council of British Shipping that union officials had used intimidation tactics to secure the support of some ships' crews for industrial action.

Employers said "there was no doubt" that the impetus of the strike action which is now in its third weeks had come from the union headquarters.

They claimed to have a dossier of some 70 vessels where crews had said they did not want to join industrial action and were prepared to accept the shipowners' 12 per cent pay offer.

The union, however, has claimed solid support for action, which it said affected some 200 ships yesterday in overseas and UK ports. It warned that action over the coming weekend would include a 48-hours stoppage on Townsend Thoresen ferries from Felixstowe following a local decision by seamen.

The GCBS said yesterday a further 400 seafaring jobs were to be lost in the industry following a decision by owners of 12 foreign flag ships to take the vessels away from British management.

This was in addition to the loss of 1,000 jobs from 30 British ships that were being put up for sale, scrapped or transferred to other flags as a direct result of the NUS action.

The GCBS said many other jobs were at risk since foreign owners of British-managed ships—comprising 40 per cent of the UK registered fleet—had no obligation to stay in Britain and risk further disruption.

Lamb exports halted

BY WILLIAM HALL, SHIPPING CORRESPONDENT

INDUSTRIAL ACTION by the National Union of Seamen in support of its pay claim has virtually halted New Zealand's lamb exports at the busiest time of the year.

The bulk of the fleet of UK refrigerated container ships servicing New Zealand is idle and the export terminals are nearly full of meat.

Mr. Harry Douglas, European director of the New Zealand Meat Marketing Board, said yesterday that the dispute is causing producers serious concern and has badly upset the meat export programme.

The country exports 200,000 tonnes of lamb a year to the UK and the majority of this is carried in a fleet of specialised refrigerated cargo ships owned by Overseas Containers (OCL) and Associated Container Transportation (Australia).

New Zealand has its own shipping company but this is only capable of carrying 15 per cent of the trade. Local producers are heavily dependent on UK ships to carry the meat to Britain—their largest single market.

The bulk of the lamb is killed, frozen and transported in the period between December and April/May.

Mr. Douglas said that the impact of the dispute had been cushioned temporarily by heavy liftings of lamb by Russia and Iran, but if the dispute was not settled by the end of next week New Zealand would face serious problems.

Foreign refrigerated ships would have to be chartered in to lift the meat. But there would be no shortages of New Zealand lamb in the UK for at least four or five weeks.

Three OCL ships are strike-bound in Australia and another is anchored off Southend because the specialist berth at Tilbury is blocked by an ACT ship.

Another ACT ship is stuck in New Zealand and several others have been stopped.

Meanwhile, four refrigerated ships belonging to Blue Star line, owned by the Vestey Group, are strike-bound in New Zealand ports

Rolls-Royce threat over new technology

BY JOHN LLOYD, LABOUR CORRESPONDENT

ROLLS-ROYCE plans to suspend some 1,500 draughtsmen and designers without pay at its Derby aero engine plant, after the breakdown of 18 months of negotiations on the introduction of computer-aided design and manufacturing equipment.

The draughtsmen, members of the white-collar engineering union AUEW TASS, are demanding a 10 per cent increase to work the equipment, and certain assurances on continuity of employment.

The company has said it will not increase rates where the new technology does not involve "a step change in the job content or responsibility." It has told the union it does not intend to make any of its members redundant.

The draughtsmen have refused to be retrained on the new equipment because of the dispute, which has gone through all stages of the dispute procedure.

The company has sent letters to the 1,500 draughtsmen, telling them that if they do not agree to be retrained by next Friday, they would be suspended without pay from the following Monday.

The company has threatened suspension to more than twice the 700 draughtsmen directly affected by the introduction of the equipment.

It said last night that the 1,500 were in departments represented by TASS. It was felt they would all "potentially have an interest in it."

Mr. Eric Lancashire, the TASS convenor at the plant, said he would not comment on the dispute before his members met next Monday.

It is understood that the union is keen to see the introduction of the automated equipment, which Rolls-Royce says is necessary to retain its competitive edge. There are, however, fears about future redundancies and de-skilling, and feelings, that retraining should be recognised by extra payments.

British Airways peace bid fails at ACAS

BY OUR LABOUR STAFF

NATIONAL UNION officials will review on Wednesday the pay dispute at British Airways following apparently abortive talks yesterday at the Advisory, Conciliation and Arbitration Service.

The airline has made a "final" pay offer involving a three-months pay freeze followed by 8 per cent in April to all workers whose traditional settlement date is January.

Unions representing maintenance engineers, ramp and ground staff and other groups have been seeking a pay rise from January. The engineers also want an increase in shift pay from July in line with the rise in the retail price index and in accordance with existing argreements.

The management's offer includes an 8 per cent increase in shift pay from July.

Mr. Gordon Clark, chairman of the engineering shop stewards at Heathrow said yesterday that stewards were coming under increasing pressure to call another 24-hour stoppage—similar to the one that seriously disrupted flights a week ago— or other forms of industrial action.

The unions were prepared to consider any proposal that assisted the airline but were seeking payments in line with their agreements, he added.

A proposal to pay increases at a later date than January, but backdated to that month would be considered, he said.

London postal strike settlement hopes rise

HOPES of ending a strike by London sorting office postal workers rose last night after union officers reached provisional agreement with the Post Office on overtime work.

The agreement — recommended by district and branch officials of the Union of Communication Workers to some 1,200 workers—followed two days of action which threatened to disrupt the capital's postal services.

The dispute began with an unofficial walkout by sorters at Euston Station, then spread to other main line stations. The workers had been asked to cut overtime and handle more mail as part of their normal duties.

In Manchester, a strike by 2,000 postal workers halted collections and deliveries yesterday.

They walked out in support of 1,000 parcels staff who have been involved all week in a dispute about new manning levels.

Hospital workers' leaders reject 6%

By John Lloyd, Labour Correspondent

UNION LEADERS yesterday rejected an offer of 6 per cent for 250,000 hospital ancillary workers—the first in the wages queue key groups in the National Health Service.

The offer was made in the absence of any information on NHS cash limits, which the Government has delayed announcing.

In a joint statement, the union and management sides expressed "disappointment and concern" at the lack of an announcement. They asked for an urgent meeting with Mr. Patrick Jenkin, the Social Services Secretary.

Mr. Frank Pethybridge, chairman of the management side's negotiators, said: "We shall tell the Secretary of State that this problem is a political one."

Mr. Charles Donnett, chairman of the union side and national officer of the General and Municipal Workers' Union, said "the Government are treating hospital staff shamefully by holding them in suspense."

The unions are looking for at least 7.5 per cent, at which the 1m local authority manual workers settled earlier this week.

Clearing banks rule out double figures and offer clerks 8.5%

BY NICK GARNETT, LABOUR STAFF

THE ENGLISH clearing banks, under the firm gaze of the Prime Minister, offered their 180,000 clerical staff yesterday a rise of 8.5 per cent on salaries.

The employers made clear to the Banking, Insurance and Finance Union and the Clearing Bank Union that they had no intention of making a pay settlement in double figures.

The offer was rejected as "totally inadequate" by negotiators for the two unions.

General response to the proposals was somewhat muted. Mr. Leif Mills, BIFU general secretary, said that industrial action was "possible." The union's English clearing bank section will consider the position on February 6, the week before executive meetings.

The CBU holds a special executive meeting today to discuss pay. Mr. Jack Britz, the general secretary, said the union would review its constitutional pressures CBU members to "pressures CBU members might wish to exert" on the banks.

A further meeting between the unions and the Federation of London Clearing Bank Employers, representing Barclays, National Westminster, Lloyds, Midland and Williams and Glyn's, will be arranged in the first half of February.

The banks seem certain to lift their offer eventually above 9 per cent.

The unions, which seek rises in line with the retail price index, said the banks could pay such an increase, and pointed to directly from the Government's in insurance.

Considerable pressure from the Government and from industrial customers has been exerted on the banks to keep their settlement more moderate than it perhaps might have been. This may be underlined by the Prime Minister when she has lunch with the banks' chairmen on Monday.

The banks have been worried about the threat of a profits windfall tax.

They referred yesterday to pressure on bank profits, increasing operating costs, size of recent settlements and the retail price index trend.

A considerable part of the banks' 16-page reply paper laid stress upon arguments concerning public opinion, responsibility to other business sectors and the Government's attempt to defeat inflation.

"Much of the unemployment derives directly from Government *economic policy aims to* defeat inflation. High interest rates are an integral part of that policy," the paper says.

"It would indeed be a strange quirk if the profits derived from the Government's counter-counter-inflation policy were used to pay increases that were quite contrary to that policy."

Water council offers fresh talks

BY OUR LABOUR CORRESPONDENT

THE THREAT of industrial action by water workers receded yesterday as the National Water Council invited unions to reopen talks on its 7.9 per cent wage offer.

This follows the 32,000 manual workers' overwhelming rejection of the increase.

The council said initial talks would be "informal" and held "with an improvement of the pay offer in mind."

The industry's two largest unions — the General and Municipal Workers Union and the National Union of Public Employees—both welcomed the resumption of talks.

Mr. Eddie Newall, GMWU national officer said he hoped the talks would lead to "meaningful negotiations to avert a very difficult situation."

The council surprised the unions by refusing to raise the 7.9 per cent at a meeting earlier this month. Sir Robert Marshall, council chairman, said then that the offer was "final." The chances of national industrial action were "remote."

It appears that the enthusiastic endorsement of industrial action in pursuit of an improved offer convinced the council to start negotiations again.

One-day strike by film staff

FILM TECHNICIANS working for the Government's Central Office of information staged a 24-hour strike yesterday against plans to make them redundant.

Twenty six technicians were told last week that their jobs are to go by April 1982, as part of the plan to abolish 150 posts.

The office wants the work of the department — making government information films—to go to outside companies.

Pay action strategy outlined by CPSA

By Philip Bassett, Labour Staff

THE CIVIL and Public Services Association decided yesterday on its pay claim and strategy for industrial action, if the Government restricts pay increases to 6 per cent.

The association is Britain's biggest Civil Service union. Final decision on co-ordinated action and a joint claim for all *nine unions rests with the Council of Civil Service Unions.*

But a special one-day conference of thet CPSA yesterday decided:—

- The claim should be for at least 15 per cent with an underpinning minimum increase of £10 a week to help the low paid. A motion which would mean a minimum of about £20 a week was also carried, but the union's executive is likely to decide in favour of the £10 figure.
- This should be supported by a campaign of industrial action, including selective and one-day strikes. Department of Employment and Department of Health and Social Security members should take part.
- A voluntary levy of 50p per week will be taken
- Not to withdraw from the Pay Research Comparability System, which has been used to determine Civil Service pay increases.

The union's final position will not be clear until members are consulted

THE PROPERTY MARKET BY MICHAEL CASSELL

Foreign banks still pouring into City

THE NUMBER of new foreign banks opening up and taking office space in London took its biggest ever leap during 1980 and there are no indications that the supply of newcomers is about to be exhausted.

Overseas and domestic banking operations have for some time represented the backbone of the City property market and they are expected to maintain their dominant position in 1981.

A *severe shortage of good*, central banking space continues *to characterise the City property* market's inner core and competition for the available space from UK banks and their international divisions, merchant banks and overseas competitors is pushing prime rentals higher.

Most major central lettings have recently been bank-based and its seems likely that a large proportion of the new space now being developed will end up with banking owners or tenants.

Following National Westminster's recent success in buying at tender the former Bank of Adelaide building in Leadenhall Street, all eyes have turned to the future of one or two schemes now being developed and which could become banking space.

A *banking occupant* is believed to have been lined up to take most, if not all, the space in the 78,000 sq ft Watling Court scheme on the southern end of Bow Lane. The Electricity Supply Nominees *development is due for completion this year*. It is also understood that a bank may be the eventual occupant of the new office space now being developed on the Woolworth site a short distance away in Cheapside.

As for the continuing foreign invasion of banks, a survey just completed by Noel Alexander Associates, the sister company to banking property consultants Noel Alexander and Partners, *shows that* 35 new overseas banks set up in London last *year. By the end of 1980, there* were no fewer than 383 foreign banks with *space* in London, around 95 per cent of which are located within the City boundaries.

Among the more exotic arrivals are the Arab Latin American Bank of Peru, Interbank of Antigua and the Barbados National Bank while, closer to home, a growing number of European banks have overcome a previous reluctance to establish a base in London.

According to Noel de Berry of Noel Alexander, most of the foreign arrivals are, like their UK counterparts, thinking of progressive expansion while the *flow of newcomers is not yet* over.

"I *would expect to see something* in the order of another 30 new banks taking up London addresses during 1981. Many of the foreign operations already here are doing a lot of international business and want to *expand*," he adds.

Hyde Park scheme ready to go

THE LONGSTANDING confusion surrounding the future of one of the most potentially important development sites in *central London was substantially unravelled this week by the Grosvenor Estate.*

At the hub of new plans is *the restoration to its original* design of the St. George's Hospital complex and the construction of a new £30m office scheme.

Surrounded in his Davies Street office by elegant 18th century panelling and plasterwork (on view by appointment) Mr. Stanley Coggan, surveyor to Gerald Grosvenor, the sixth *Duke of Westminster* and London's largest private land*lord, gave notice of a new lease* of life for the south-west chunk of Hyde Park Corner.

The St. George's Hospital site has been the subject for speculation ever since it became clear that health service cuts spelled the end for a medical centre, which was first started in 1734.

Concern

The existing hospital buildings—built by one William Wilkins in 1829—have, like Apsley House on the southern end of Park Lane, formed a "gatepost" between Hyde Park and Green Park and their future has been a matter of some *concern.*

Mr. Coggan is the first to admit that the Wilkins building is not the most distinguished of properties to emerge from that period, possibly because the architect's ambitions were not *permitted to overshadow the* house across the road being restored by the Duke of Wellington. *But the Estate* surveyor nevertheless insists *that, as part of the London* scene, the fate of the blanket-*listed buildings is significant* "both historically and senti*mentally.*"

While St. George's was in use *as a medical centre,* its condition (now very poor) and its future were of no direct concern to the Estate, which in 1906 had granted a freehold on the southern part of the site to the governors of the hospital for a sum of £23,700. It took the precaution, however, of arranging a pre-emptive right to recall the freehold if the buildings *ceased to be a hospital.*

Slightly more than half the *entire site is owned, without* any Grosvenor involvement, by the Department of Health and Social Security.

In the wake of public expenditure cuts, St. George's effectively closed its doors last July and the Estate began to think about taking up its rights. *Despite moves last year by* some MPs to ensure that the Department of Health did not, in return for just £27,000, hand back the portion of the site covered by pre-emptive clauses, it is now apparently poised to do so. The Department is, however, counting on a deal which will leave it with something more substantial than a token cheque from Grosvenor Estate.

Having considered the prospects for an alternative use for their own unencumbered northern end of the site (some*thing of a challenge given that* the hospital straddles north and south) Ministers have now agreed that the *future of the* entire complex should be con*sidered as a whole. It is on* that basis that Grosvenor has *drawn* up the plans spelled out this week.

The redevelopment scheme involves firstly the return—at a cost of around £8m—of the hospital buildings to their original appearance, involving the removal of several later alterations and additions to the fabric. The restoration of the Wilkins building has clearly represented the first priority throughout for the Estate and the remainder of the ambitious project has apparently been conceived to *make that possible.*

Intensive

Despite an intensive search, the Estate says it was unable to find an art gallery or a museum in a position to take the 75,000 sq ft of space which will become available in the *old hospital* buildings. But it has lined up the Location of Industry Bureau, a private organisation which receives government (non-financial) support and which helps local authorities promote industry in their areas. No rental level has been agreed *and the tenant has to be given* the nod by Westminster.

Mr. Coggan commented: "Considerable effort has been made over an extended period of time in seeking an occupier suitable for the range of uses proposed for the Wilkins building, preferably allowing public access. Due *to financial restrictions, no positive interest was shown* by the major art galleries and *museums.* The Location of Industry Bureau meets the criteria most adequately."

The remainder of the site is to be given over to a new 204,000 sq ft office block which is an essential prerequisite to meet the costs of the Wilkins restoration. The new building is claimed by its architects Chapman Taylor to be "dark and recessive in colour and vertical in emphasis with a romantic skyline" and though not everyone may share such lyrical enthusiasm the *complex* should make the whole scheme *viable.*

No funding plans have been made *for the scheme* and Grosvenor says that potential tenants are not yet even a twinkle in the eye. Everything hinges on Westminster City Council's approval for the package and if that is forthcoming then the next stage can begin.

Once the future use of the site has been decided, negotiations will commence with the *Department of Health with* a view to establishing the value of its unencumbered land holdings.

The Department clearly intends to do better out of this element of the freehold sale than the *law permitted on the* rest of the site. But with Grosvenor Estate's property empire estimated to be worth something in the region of £300m-£500m, the trustees who control it can also be expected to show all the negotiating *skills* which worked such wonders for their pre*decessors back in 1906.*

Rates burden in line with inflation

DESPITE A great deal of corporate huffing and puffing, the burden of industrial property rates has hardly grown in real terms over the last eight years.

The high level of rates payable by industry has been a source of continuing controversy, with industrialists calling for their total abolition, or at least a maximum ceiling to safeguard against "extravagant" local authorities. At least two important concessions — the reduction in rate levy on empty *industrial space from* 100 per cent to 50 per cent and payment *by instalment* — have been made as a result of the lobbying.

Industry's rates bill in the present financial year will be over £4bn, an amount roughly equal to the sum due in Corporation Tax over the same period. But a report prepared by Debenham Tewson and Chinnocks, the agents and surveyors, shows that, since the *last rating revaluation in* 1973, half the 16 locations included in its investigations recorded rate increases below the level of inflation. Only four locations — Cardiff, Luton, Milton Keynes and Southampton (Test *Valley*)—exceeded the *inflation* rate. Croydon and Leeds levied the smallest overall increase discovered, achieving a net 50 per cent reduction in real terms since 1973.

In absolute terms, the lowest rate burden for light industrial and warehouse space occurred in *Leeds*, where the average payment *is* in the region of 50p a sq ft.

According to Debenham Tewson and Chinnocks, average rates since *1973 have risen by* about 16.5 per cent a year, compared to an average *annual* inflation rate of 15.9 per cent. But the agents *point out* that there have been sharp fluctuations in *individual* years and, in doing so, they open up *one of* industry's main objections to the present rating *system.*

The rate levy, according *to* industry, represents a local property tax which is not related to profits being generated and which can therefore place tremendous pressures on companies during recessionary periods. Over the last two years, for example, rate increases above the rate of inflation *have coincided with* a period of low profitability and become comparatively more burdensome.

Figures produced by the Confederation of British Industry, which wants the whole rating system entirely overhauled as soon as possible, suggests that rates *payments* grew from 9.7 per cent of gross *profits in 1973* to 11.3 per cent by 1977. Mr. John Monkman, chairman of the CBI's rating and valuation committee, said that the rate burden on business was likely to be equivalent to one-third or more of the real profits earned *this* year by industrial companies in the UK.

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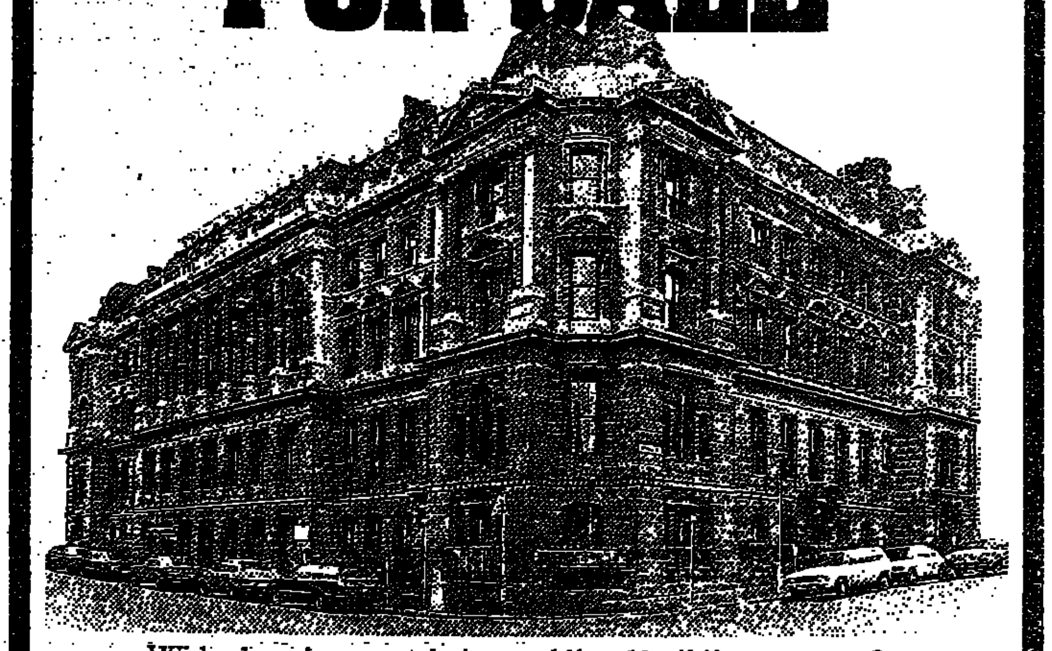

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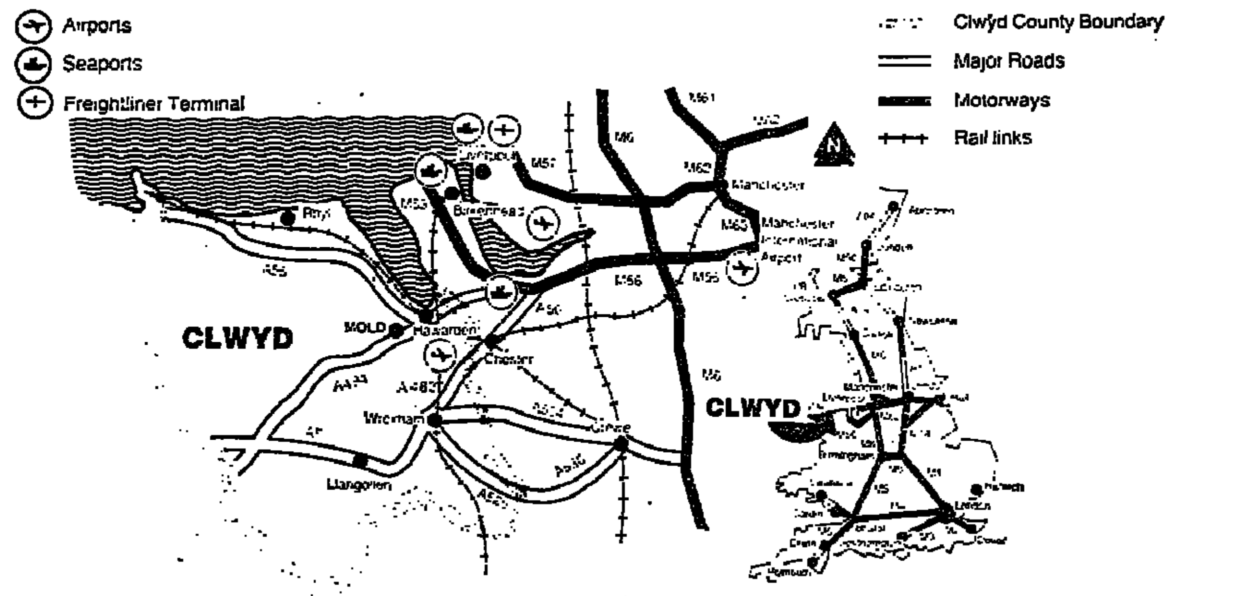

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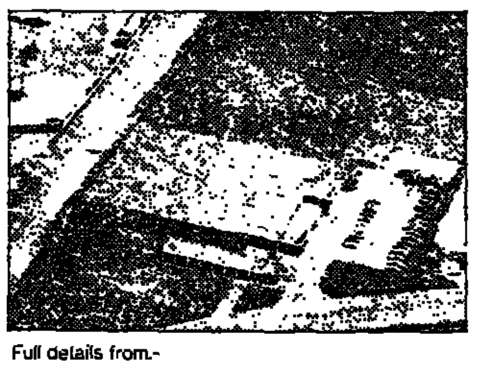

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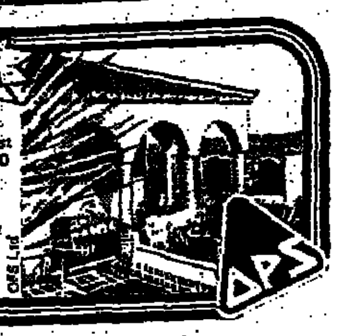

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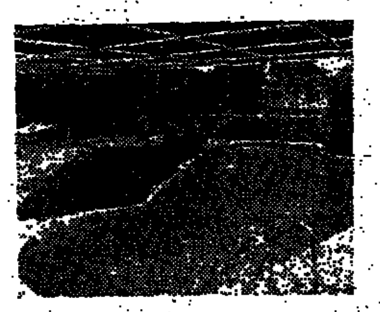

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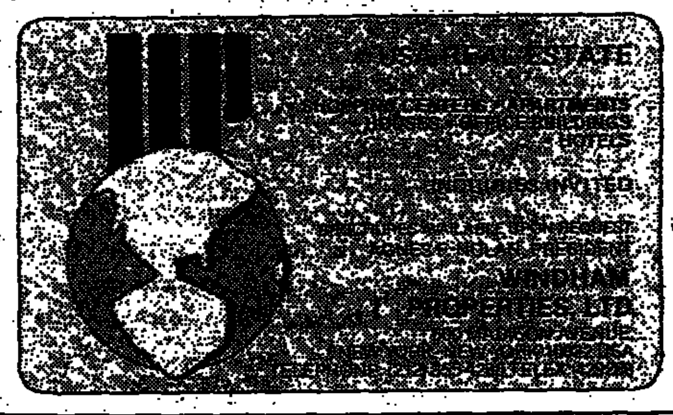

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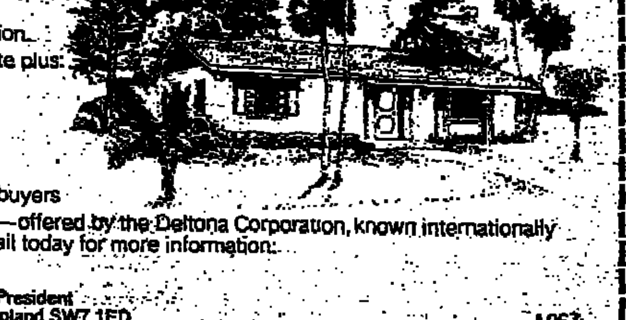

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A white-collar circle at work at ITT C omponents' UK Quartz Crystal Division

How Europe is tailoring the Japanese design

Western businessmen have argued for years that Japanese management practices will not work in American and European companies. But in an attempt to improve employee motivation, productivity and quality, hundreds of them are now encouraging small groups of workers to band together in what the Japanese call "qaulity circles." Today's article is the fourth in a two-week series on this phenomenon.

"FORD doesn't want to mention that quality circles are a Japanese invention," says Peter Engel, training manager of Ford of Europe's body and assembly operations.

Engel is playing a leading part in Ford's stimulation of quality circles throughout its European plants. His reluctance to advertise the Japanese origin of quality circles is shared by almost all the European companies now engaged in launching quality circles. The top manager may be motivated to borrow Japanese management techniques by his open fear of the quality and reliability of Japan's products, and by his jealous admiration of its labour productivity. But the average middle manager and shop-floor operator probably feels that the Japanese are a bunch of workaholic automatons. It would be courting certain resistance to tell them "we've got to behave like the Japanese."

To a lesser extent, a similar barrier seems to apply to the use of quality circles in the United States; most European managements seem to be trying to propagate quality circles as a "culture free" approach, to quote Peter Engel, without overtly drawing on other countries' experience, and by adapting many aspects of the concept to suit their own corporate structures and attitudes.

The various adaptations made by U.S. and European companies underline not only the many social differences that exist between East and West, but also the contrasts between corporate "cultures" of companies within the West.

The key characteristics of quality circles as practised almost without exception in both East and West are as follows: small groups, of about 10 people, meet on a voluntary but regular basis to discuss their workplace problems (organisation, quality, or whatever). They usually meet for about an hour once every week or fortnight. With the help of problem-solving techniques, they analyse the difficulties they see as most relevant and acute to themselves. They recommend solutions to management, whenever possible implementing them themselves. The circle leader is usually the supervisor or foreman of the work area involved.

Contrary to frequent assertions in the West, European and U.S. companies are not innovating by allowing circles to hold meetings in company time; this is also the practice in Japan, though Japanese workers frequently extend the meetings after hours, whether over drinks in the ubiquitous local bar or at a member's home.

Though many circles in both Japan and the West contain no managers at all, a key role in the launching of circles within a company is usually taken by a member of management, bearing the title of "facilitator" or "co-ordinator." His job is to train the circle leaders, to promote the circle concept on both the shop floor and among middle management (with the help of foremen and top management respectively), and to help co-ordinate the activities of different circles.

Compulsory

An additional function is to help circles secure specialist advice and co-operation when it is required from management departments (in a manufacturing company these will include production engineering, quality control, design, etc.). But once circles become thoroughly established across the company, the facilitator may no longer be needed.

Then the East-West differences start.

The most fundamental western adaptation was the decision of one small British company to adopt a non-voluntary approach to circle membership, apparently in order to make sure that key people were involved. Attendance at the company's circle meetings is also compulsory, so as to ensure that participation in them does not fall off.

Such an approach is exceptional. Virtually all western practitioners argue that the voluntary principle is fundamental to the motivational value of quality circles, so that members regard them as "their own," rather than as something imposed by management.

A more widespread practice in the West, though it is still very far from the norm, is to encourage the establishment of circles which include management specialists as well as shop floor workers. Both Ford and Rolls-Royce follow this approach to some extent, particularly with the membership of managers from the quality department.

Even the inclusion of a single quality manager departs from practice in Japan, where what westerners would call "quality assurance" is carried out through an all-pervasive, company-wide commitment to high quality, backed up by the training of all employees — from senior management down to the most junior worker — in the required techniques. (Hence the much-publicised abolition of the "quality control" function in some Japanese companies.)

One of the arguments put forward in favour of joint shop floor-manager circles is that, on their own, small groups of workers from one part of the shop floor will in all honesty be unable to find solutions to complex or technical problems.

A second concern in some managers' minds is that shop-floor-only circles will tend to select problems which they cannot resolve on their own, and will therefore fall back on the time-honoured practice of buck-passing ("blame somebody else"). In both cases, it is argued, the motivation of circle members will suffer, and with it the image of circles inside the company.

In judging the questions of a circle's technical capability, much would seem to depend on the skills of the workers concerned, the complexity of the problems involved, and the atmosphere of the individual company. In many cases, it has been possible to get management specialists to act as consultants to the circle when required: at the May and Baker chemicals group, for instance, worker-only circles have found little difficulty so far in motivating non-member management specialists to co-operate in giving advice about specific problems.

The second, "buck-passing," question raises the hackles of virtually all Europe's quality circle consultants. David Hutchins complains that the question itself indicates a lack of trust in both the quality circle training programme and in the worker's sense of responsibility.

Underlying both questions is a disagreement about one of the most fundamental precepts of quality circles: that their members should be drawn from an existing "natural work group." To Japanese and most western companies, this is interpreted as meaning a closely-knit group of similar people doing similar work, who can take pride in solving their own work problems on their own: nine members of a machine shop with their foreman, for example, or—on the small side—four members of a sales office with their manager (as in ITT's quartz crystal division—see illustration).

In Ford, on the other hand, it is argued that the really natural work group is often a *combined* team of shopfloor employees *and* managers, including perhaps a quality manager and a factory superintendent. Only if such co-operation is encouraged, Ford management feels, will industry succeed in overcoming the "Them and Us" gulf between managers and shop floor.

Against Ford's attitude must be set the overwhelming view of quality circle consultants in Europe, that such an approach is "likely to destroy the key motivation of shop floor circle members, by removing the feeling that the circle is 'their own'," in the words of one expert. Some of the consultants also complain that a joint-membership approach is little different from inter-departmental project groups that are set up by management. These are nothing new in Western industry, and tend to have a very limited life.

Other, less controversial, differences between current practice in Japan and the West lie in the amount of special training which western managers and workers have to be given if circles are to be a success. Even before they are introduced to quality circles, the vast majority of Japanese employees—in large-scale manufacturing, at any rate—now start from a higher educational level: they also receive extensive training in quality assurance techniques as part of their general education in industrial skills.

A related variation is in the extent to which Japanese and western circles feel able to resolve problems themselves, without referring their proposed solutions up to management for action.

But it is the linking of quality circles with an existing suggestion scheme which may prove the most problematic western adaptation.

As in Japan, most companies seem to be divorcing the two entirely, and they have apparently experienced little pressure to the contrary from circle members. But others, including Westinghouse in the U.S. and Ford in Europe, encourage—or at least allow—circle members to apply for joint rewards under suggestion schemes.

Monetary

In effect, they are trying to bridge the distinction between the traditional "extrinsic" approach to motivation (through the provision of financial incentives) and the "intrinsic" concept on which quality circles rely (the difference was described in the second article in this series).

Whether the "mixed solution" practitioners will be successful remains to be seen. One consultant argues emphatically that such a linking of the two approaches distorts the circle's basis of trust, and that "you can't reward a dozen people because of the improved performance of the whole shop-floor."

The point is most forcibly put by a trade union official, "Eddie" Edwards, convenor of the Transport and General Workers' union at May and Baker's Dagenham site, and chairman of the multi-union shop stewards' committee. His union's members "are a lot more mature than to demand immediate monetary gain from quality circles," he claims. "They've gone into it to solve some of the problems they have at work."

On Monday's Management Page: The shopfloor gives its verdict.

Christopher Lorenz

Playing for high stakes in the top retailing league

David Churchill analyses Asda's ambition to break into lucrative new markets

PLAYING away in the first division of grocery retailing is a tough fixture, as Associated Dairies, one of Britain's largest retailers, is rapidly discovering.

Since the mid-1960s Associated has established a highly effective food retailing operation on its home ground in the North, through its Asda subsidiary. It is now trying to break into the lucrative South East market. If it succeeds it will leave further behind such second division challengers as Fine Fare or International Stores and break into the big time of the first division, dominated by Tesco and J Sainsbury.

But if it fails in the fiercely contested marketplace of the South East, then "relegation" (possibly a takeover bid) could follow.

It is already proving an expensive game. On Tuesday Associated announced a one-for-eight rights issue to raise £45m to help finance the £150m needed in the next few years for the Southern assault.

At the same time it revealed a squeezing of profit margins, with interim pre-tax profits virtually static at £22.8m on turnover up by 33.5 per cent to £599m for the half-year to the middle of last November.

In comparison, Sainsbury's last autumn reported interim pre-tax profits up by 58 per cent.

The non-milk side of Associated now provides the bulk of its turnover and profits, with newer diversifications into furniture and department store retailing — which are currently hit by the recession —playing only a minor financial role.

Asda's southern foray was given new force last autumn by the opening of a 48,000 sq ft superstore at Park Royal in West London. Asda claims it is London's first superstore (others would dispute this) and has plans eventually to encircle London with such mammoths. At that time, only five of its total of 78 stores were in the south. But a further 20 are planned for that area in the next five years, at least half of them in London or the Home Counties.

Asda's aggressive progress is being monitored with more than a passing interest by its southern-based rivals, who are openly concerned—and with good reason. Its share of the packaged grocery market has grown from a negligible percentage in the early 1970s to about 8 per cent. This is still some way behind Tesco and Sainsbury, which have about 13.5 per cent of the market each, but ahead of rivals such as Fine Fare, International, or Allied Suppliers, whose share is static at about 5 per cent each.

Asda differs from most of them not only as one of the lowest-priced, but also for maintaining the same prices in all its stores: others vary according to the stores' size and location. Since Asda operates only superstores (with a selling area of more than 25,000 sq ft), with no conventional-sized supermarkets, "we do not have an inheritance of small unprofitable shops," points out Peter Firmston-Williams, managing director of Asda.

The bluff, no-nonsense approach of Asda's management conforms with its traditional Northern image. But it masks a degree of sophistication equal to any of its southern-based competitors. Asda has always had highly-developed budgetary control systems, and has used computerised stock control and management information systems since the early 1970s.

"Asda is a very lean company," claims Firmston-Williams.

"We are lean executively, with just a short chain of command. Our distribution systems are streamlined and, unlike the other majors, we have no centralised warehouse system but buy goods in sufficient volume to justify direct delivery to our stores from the manufacturer."

Asda's "lean and hungry look" owes much to its history as a well-run dairy operation in Leeds and the North-East. The high volume of milk processed daily—and the consequent need for strong controls over quality and cost — prompted the management to run a very tight operation. Translated into a high volume retail business, this is one of the keys to Asda's success over the past decade.

Associated Dairies became involved in grocery retailing in the mid-1960s after it had sold off a small chain of meat and bakery shops—for an offer it says it could not refuse—and out of a desire to become involved in grocery retailing as a vertical integration from its food processing interests.

Noel Stockdale, Associated's chairman, believed that the trend towards discount store food shopping in the U.S. would be emulated in the UK.

In 1966 he bought a U.S.-owned discount operation in Nottingham called GEM after several other UK retailers declined to take the store over. Within a year Associated had moved it from losses into profits through the adoption of strict financial and management control techniques "borrowed" from the dairy operation.

Its success encouraged Associated to expand the large discount store formula into other areas further North. By the end of the 1960s it had not only adopted the Asda name, but had added a further 20 stores by being willing to take "off-centre" sites which other retailers had rejected. Asda calculated that as long as the store had a car-park, people would be prepared to go out of their way to take advantage of branded goods priced at up to 12 per cent below the traditional supermarket outlets.

This policy was similar to that of Tesco's founder, Sir Jack Cohen, whose attitude was "pile them high, sell them cheap." And Asda certainly piled them high: its store sizes at this time were around 50,000 sq ft, at least five times as large as its competitors.

In the early days Asda found suitable sites with comparable ease—in contrast to the present position, where key sites are like gold-dust. For one thing, until the early 1970s local authority planning officers set relatively few planning conditions since superstore development was still so unusual.

But Asda took advantage of the early 1970s property collapse to take over town centre shopping developments left abandoned by the bankrupt property speculators. Asda persuaded local authorities that instead of a development of small shops plus a multi-storey car-park, it could build a superstore and still leave space for a few specialist retailers.

The approach paid off, enabling it to continue its steady expansion rate of about six new stores a year right through the mid-1970s. More recently, competition for sites and planning controls have both intensified, but Asda has succeeded in winning a high rate of approvals.

As part of its highly centralised control system, each of its new stores has been equipped with a terminal linked to a computer at the Leeds head office. This will provide the basic structure for development of future control systems, including making full use of the information gained from the laser-scanning equipment which is beginning to be installed so that Leeds has a complete and instant record of stock movements in and out of stores.

Firmston-Williams suggests that the Asda secret is to get everything moving at the right pace — cars in the car parks, customers moving through the store, and no massive hold-ups at checkouts.

Asda's attempt to move into the first division of grocery retailing is epitomised by its ambitious plans to help redevelop Millwall Football Club's stadium at a cost of £10m to contain a new super-sports complex which would also include an Asda superstore. Whether Millwall really fits the Asda image is another matter. Its team is at present languishing in the Third Division of the football league.

LOMBARD

How to spread the gold profits

BY DAVID MARSH

BACK IN 1928, when bullion was a bargain at $20.67 per ounce, Argentina, Brazil and Uruguay held around as much gold in their official reserves as Germany, Italy and Switzerland. Half a century later, the three European countries, now among the world's top five holders of monetary gold, are the proud possessors of stocks which exceed the Latin American trio's by a factor of 30.

The bald statistics sum up as well as anything the way developing nations fell behind in the race to accumulate gold during the 1950s and 1960s and have now lost out completely as a result of the explosion in the price of the metal during the 1970s.

Inequality

The consequences of this massive inequality in the distribution of gold reserves are considered in a paper being launched this week by two staff members at the UN Conference on Trade and Development, Mr. David Brodsky and Mr. Gary Sampson.

The authors argue that the huge rise in world liquidity caused by the bullion price increase has been almost exclusively to the benefit of wealthy gold-owning countries in the industrialised west. For the three European countries named above, together with the U.S. and France, own nearly three-quarters of the world's monetary gold stocks.

The paper suggests that the developed countries should go some way towards lessening the imbalance by using their extra financial muscle to increase aid transfers to the poorest.

One option, which the authors admit is extremely unlikely to take place would be for the main gold owners to transfer directly part of their holdings to developing nations.

A second method, which holds out greater chance of success, would be for the International Monetary Fund to mobilise its holdings of 103m ozs (worth more than $50bn) to help developing nations.

The IMF could sell its gold to qualifying developing countries at the nominal price of SDR 35 per ounce (at which the Fund still values its holdings).

Alternatively the IMF could continue the programme of gold auctions which was halted in May last year, with the "profits" (the difference between the market price and the book-keeping level of SDR 35) being placed in a fund used for making low-interest loans or grants to eligible developing nations.

The economics of the matter are straightforward. At the end of the 1940s the non-oil developing nations owned virtually the same amount of gold as five war-ravaged European countries — Belgium, France, Germany, Italy and the Netherlands—combined.

But during the next two decades Europe set about building up its gold stocks.

The result was that in the 1950s and 1960s accumulation of gold accounted for more than two-thirds of the total growth of the five countries' international reserves.

In the case of the non-oil less developed countries, on the other hand, which believed in the U.S. undertaking that dollars "were as good as gold" (and anyway did not have the liquidity to make the conversions) gold accounted for just 10 per cent of total reserve growth.

Through the ensuing leap in the price, the gold-owning five made an overall "revaluation profit" of $180bn by the end of 1979—while the non-oil less developed countries reaped gains from their gold holdings of just $28bn, according to the author's calculations.

Too late

The pitiable part of the story is that developing countries, both among the oil states and and elsewhere, now seem to have timed their own rush into gold too late. Purchases by the Third World were the main reason why the volume of international bullion reserves rose last year for the first time since 1972. But with the price closing yesterday at under $500 per ounce, many countries will have made large losses on their foray into the gold market over the last year or so.

The Tyne will flow more sweetly

BY RHYS DAVID

AROUND BRITAIN

NEWCASTLE

ON HOT dry days in summer the centre of Newcastle-upon-Tyne can be at times unpleasant, if not downright noxious. On one famous occasion a public inquiry had to be adjourned because of the smell rising from the Tyne, and office workers have been known to don face masks and shipyard workers to walk out in protest.

The problem has been caused by the quantities of raw sewage which, together with surface water, have gushed out of more than 200 sewer outfalls straight into the Tyne from both banks of the river, at an average flow of no less than 700 gallons per second. Only around 5 per cent has been receiving any form of treatment and much of it remains in the river to settle on the river bed or, at best, hangs round for days before being pulled away by the tide.

The need to clean up the Tyne was recognised as long ago as the last century, and long before the spread of water-borne sanitation to older parts of the conurbation in the 1920s and 1930s greatly increased the urgency. Economic stringency and war delayed action and individual local authorities, realising that a joint approach for the whole area was required, were reluctant to go ahead with individual sewage-treatment schemes of their own.

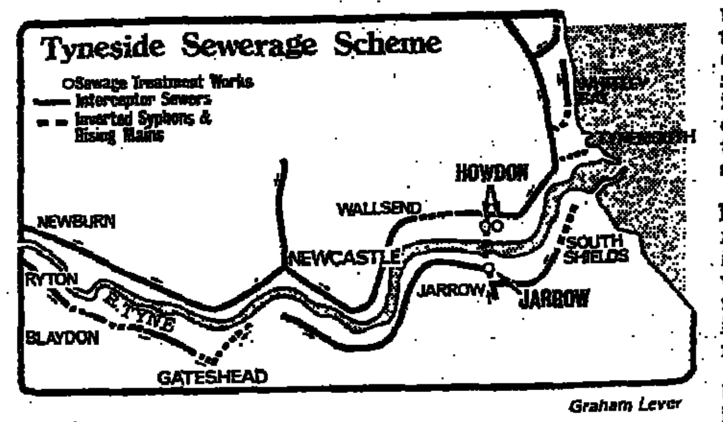
The end of the problem is at last in sight, however, and there will be a gradual improvement in amenities over the next few years. For in one of the biggest sewage schemes undertaken in Europe, and at an eventual cost of £150m, the Northumbria Water Authority will be trapping most of the sewage before it reaches the Tyne, collecting it for treatment and shipping it away to sea.

The scheme is just over half completed and is part of a comprehensive approach to the area's sewage problem. Basically, sewers have been laid parallel with both banks of the river to collect the sewage previously destined to fall into the Tyne.

On the south bank where the system is already in operation the sewage is given preliminary treatment at a new works at Jarrow and then flows under the river to the north bank where it undergoes further treatment at another new installation at Howdon. This plant will also handle sewage from the north bank when Newcastle and surrounding areas are joined to the system progressively from later this year. The treated water is returned to the river and the remaining sludge and grit pumped to the purpose-built Northumbrian Water, a squat vessel able to get under the swing bridge on the Tyne and out into the North Sea with Tyneside's sewage even in a Force 10 gale.

The principle behind the scheme is simple but, inevitably, the scale and complexity of introducing it in a heavily built-up and long-established industrial area have led to a number of difficulties. Most of the new sewers along the north and south banks of the river, for instance, have had to be tunnelled. But tunnelling operations have been conducted without causing too much dislocation in the busy centre of Newcastle, already disrupted by construction work on the Metro passenger system.

The whole scheme came close to foundering in its initial stages because of the objections of a near neighbour to the proposed Howdon treatment works, Associated Lead Manufacturers. The company argued that the release of hydrogen sulphide from the works would affect its products — pigments used in paint, plastics, and other industries — and consequently costly scrubbing equipment to remove the hydrogen sulphide has had to be incorporated.



Graham Lever

More difficult economic conditions and revised estimates for population and economic growth have also made it necessary to modify the scheme.

Under the system now coming into operation, storm water will still overflow into the river out of the sewers, and raw sewage from houses and factories on the river edge itself (beyond the line of the interceptor sewers) will also continue to flow into the Tyne. Ships using the river and riverside industries such as shipbuilding will also continue to be a source of pollution and of flotsam.

"It is a question of just how clean the community wants the river to be and at what cost," Mr. Brian Norgrove, project engineer for the scheme, points out. Options which the authority is likely to consider in the light of experience include pumping the remaining raw sewage from riverside areas back to the interceptor sewers. Separation of the storm and raw sewerage system is now the practice, too, in new developments throughout the area and is regarded as the desirable goal for the area's sewerage system as a whole.

The authority will also be looking closely at water improvement once the present scheme is fully in operation to see whether further biological treatment of the effluent discharged into the river at Howdon is needed.

There will be other wider benefits. The river itself with its bridges, its views of Newcastle and of shipbuilding is a major amenity in the heart of the city, and freed from pollution could be the focus for new commercial and recreational developments. A policy of tidying up the river banks wherever possible is already being pursued by the local authorities in the area. Beaches in the region, too, will benefit from a reduction in the raw sewage entering the Tyne.

The scheme has also given British contractors expertise and experience which should provide a valuable base on which to bid for overseas orders. Interest in the Tyneside scheme has been shown in Australia, India and Portugal.

Strong Irish contingent for Ayr

RACING

BY DOMINIC WIGAN

THERE CAN have been fewer stronger raiding parties from Ireland for a midweek fixture than the one for today's meeting at Ayr.

With the ground almost certain to be testing, the Irish team should win at least a couple of prizes and improve on last year's score when Carrow Boy was their sole victor.

Carrow Boy is again in the field for the Girvan Handicap Chase. A year ago Tommy Carberry rode him but this time the 7lb claimer, Mulligan, is the jockey.

Every bit as tough as his redoubtable stable companion, Anaglogs Daughter, Carrow Boy was having his 58th race in three seasons jumping, when finishing unplaced on his final appearance in the 1979-80 campaign.

In that busy term, Bill Durkan's Beau Tudor gelding was undoubtedly putting up his best performance, when disposing of high-class opposition in Aintree's Holiday Inn Handicap Chase.

Always jumping well in Mulligan's hands, Carrow Boy led from the start, to finish 2½ lengths clear of Roadhead. Bachelor's Hall and Father Delaney took third and fourth places.

Ireland is responsible for half the field—Mr. Kidd and Chingolo—in the Sorn Novices' Handicap Chase in which Spartan Red and Lakeland Lady represent the home team.

Mr. Kidd, four-lengths conqueror of Spartan Red in a Novices' Handicap at the last meeting on this course, will be attempting to confirm his superiority on 9 lb worse terms.

On the face of things, Spartan Red is the one to be on this time. However, Mr. Kidd won with far more in hand than the margin might suggest last time, and he is given a confident vote.

Poor hurdling let down the Gordon Richards five-year-old, Final Argument, when odds-on for a Haig Whisky qualifier at Kelso. If, as I anticipate, he proves more accurate at his obstacles in the Bar Novices Hurdle, Division I, he will have few problems.

AYR

1.45—Final Argument**
2.15—Dickwyn
3.15—Carrow Boy
3.45—Mr. Kidd***

DONCASTER

2.00—Mitchelstown
2.30—Bregawn
3.00—Pirate Son
3.30—Mr. Snowman
4.00—Blake*

TV/Radio

† Indicates programme in black and white

BBC 1

9.05 am For Schools, Colleges. 11.25 You and Me. 11.40 For Schools, Colleges. 12.45 pm News. 1.00 Pebble Mill at One. 1.45 How Do You Do? 2.02 For Schools, Colleges. 3.20 Eira Ddoe. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Undercover Elephant. 4.25 Jackanory. 4.40 Think Again. 5.05 Grange Hill. 5.35 The Perishers.

5.40 News.
5.55 Nationwide (London and South East only).
6.20 Nationwide.
6.45 Sportswide.
7.00 The Superstars.
8.00 The Walls of Jericho.
8.50 Points of View.
9.00 News.
9.25 Starsky and Hutch.
10.15 Peter Skellern (London and South East only).
10.45 News Headlines.
10.50 Royal Heritage.
11.50 The Late Film: "An Eye For An Eye."

All Regions as BBC-1, except as follows:

BBC Cymru/Wales — 1.45 pm O Dan y Mor. 2.02-2.22 I Ysgolion. 4.40-5.05 Siams Sionc. 5.55-6.20 Wales Today. 7.00 Tom and Jerry. 7.05 Heddiw. 7.35 Cywain. 8.00 Tomorrow's World. 8.25-8.50 Triangle. 10.15 Music Makers. 10.55 News for Wales. 10.56 Royal Heritage. †11.55 The Late Film: "Compulsion," starring Orson Welles.

Scotland — 11.00-11.20 am For Schools. 12.40-12.45 pm The Scottish News. 5.55-6.20 Reporting Scotland. 10.15 The Evergreen Years. 10.45-10.50 News for Scotland.

Northern Ireland—3.53-3.55 pm Northern Ireland News. 5.55-6.20 Scene Around Six. 10.15 Spotlight. 10.45-10.50 News for Northern Ireland.

England — 5.55-6.20 pm Look East (Norwich); Look North (Leeds); Look North (Newcastle); Look North West (Manchester); Midlands Today (Birmingham); Points West (Bristol); South Today (Southampton); Spotlight South West (Plymouth). 10.15-10.45 East (Norwich)—Weekend: Midlands (Birmingham) — Midlands Tonight; North (Leeds) — Politics North; North West (Manchester) —Home Ground; South (Southampton)—The Pacemakers; South West (Plymouth)—Newswatch; West (Bristol)—Hope Bourne: Woman of Exmoor; North East region only: 10.15 pm Operation Elvis, by C. P. Taylor. 10.55 News Headlines. 11.00 Royal Heritage. 12.00-1.35 am The Late Film: "An Eye For An Eye."

BBC 2

11.00 am Play School (as BBC-1 3.55 pm).
3.30 pm Snooker: Benson and Hedges Masters.
†5.40 Harold Lloyd.
6.00 Monkey.
6.45 Speak For Yourself.
7.10 Mid-Evening News.
7.20 Oxford Road Show.
7.55 In The Country.
8.25 The Kremlin Crisis.
9.00 Playhouse.
9.55 Snooker: Benson and Hedges Masters.
10.45 Newsnight.
11.30 Friday Night . . . Saturday Morning.

LONDON

9.30 am Schools Programmes. 12.00 The Magic Ball. 12.10 pm Once Upon A Time. 12.30 A Better Read. 1.00 News, plus FT Index. 1.20 Thames News. 1.30 Together. 2.00 After Noon Plus. 2.45 Friday Matinee: "A Summer Without Boys." 4.15 Dr. Snuggles. 4.20 The Adventures of Black Beauty. 4.45 Animals in Action. 5.15 Clapperboard.

5.45 News
6.00 Thames News.
6.30 Thames Sport.
7.00 Family Fortunes.
7.30 Vegas.
8.30 The Gaffer.
9.00 Second Chance.
10.00 News.
10.30 Benson.
11.00 The London Programme: Time To Dump The Dustmen?
11.35 Mannix.
12.30 am Close: Personal choice with the Rt. Hon. George Thomas, MP.

All IBA Regions as London, except at the following times:

ANGLIA

1.20 pm Anglia News. 2.00 Houseparty. †2.25 Friday Film Matinee: "Affair in Trinidad," starring Rita Hayworth and Glenn Ford. 6.00 About Anglia. 7.30 The Incredible Hulk. 10.30 7 Days. 11.00 Soap. 11.30 Friday Late Film: "Salome," starring Rita Hayworth, Stewart Granger and Charles Laughton. 1.25 am At The End of the Day.

ATV

1.20 pm ATV News. 2.45 Movie Matinee: "In Name Only." 6.00 ATV Today. 7.30 Charlie's Angels. 10.30 Soap. 11.00 ATV News. 11.05 The Fabulous Fondas: "Barbarella," starring Jane Fonda.

BORDER

1.20 pm Border News. 2.45 Friday Matinee: "Watusi," starring George Montgomery. 6.00 Lookaround Friday. 6.30 Survival. 7.30 Charlie's Angels. 10.30 The Quiz Men. 11.00 Quincy. 11.55 Border News Summary.

CHANNEL

1.20 pm Channel Lunchtime News, What's On Where and Weather. 2.45 The Friday Matinee: "13 Frightened Girls." 6.00 Channel Report. 6.30 Encore. 6.55 What's On Where. 10.28 Channel Late News. 10.36 Soap. 11.05 SWAT. 12.00 News and Weather in French.

GRAMPIAN

9.25 am First Thing. 1.20 pm North News. 2.45 Friday Matinee: "The Third Girl from the Left," starring Kim Novak and Tony Curtis. 6.00 North Tonight including Sportscall. 7.30 Charlie's Angels. 10.30 Reflections. 10.35 Police Story. 12.20 am Seachd La Arean. 12.35 North Headlines and Road Report.

GRANADA

1.20 pm Granada Reports. 2.00 Live From Two—Brian Blessed and Fred Trueman. 2.50 Friday Matinee: "Kate McShane." 6.00 Granada Reports. 6.30 Kick Off. 10.30 A Week On Friday. 11.00 After All That, This. 11.10 Film of the Book.

HTV

1.20 pm HTV News. 2.00 Houseparty. 2.25 The Friday Matinee: "Anastasia," starring Ingrid Bergman and Yul Brynner. 5.15 Clapperboard. 6.00 Report West. 6.30 W.K.R.P. In Cincinnati. 7.30 Chips. 10.28 HTV News. 10.35 Report Extra. 11.05 Soap. 11.35 Charlie's Angels.

HTV Cymru/Wales—As HTV West except 9.35-9.50 am Am Gymru. 12.00-12.10 pm Fflalabalam. 4.15-4.45 Yr Ail Don. 5.15-5.45 The Muppet Show. 6.00 Y Dydd. 6.15-6.30 Report Wales. 10.35-11.05 Outlook.

SCOTTISH

1.20 pm News Headlines and Road and Weather Report. 2.45 Friday Matinee: "Miss Sadie Thompson," starring Rita Hayworth. 5.15 Clapperboard. 6.00 Scotland Today. 6.25 Sports Extra. 6.45 Hear Here. 10.30 Ways and Means. 11.00 Late Call. 11.05 Movies Through Midnight: "Hellbenders."

SOUTHERN

1.20 pm Southern News and Weather. 2.00 Houseparty. †2.25 "Of Mice and Men," starring Burgess Meredith. 5.15 Gambit. 6.00 Day By Day. 6.00 Scene South East (South East Area only). 6.30 Out of Town. 7.30 Charlie's Angels. 10.35 The Piranhas. 11.05 Benson. 11.35 The Late, Late Premiere: "Solo Sunny."

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 2.00 The Story of Radio City Music Hall (tribute to America's famous entertainment venue). 6.00 North East News. 6.02 Sportstime. 6.30 Northern Life. 10.30 North East News. 10.32 Film of the Week: "Deliverance," starring John Voight and Burt Reynolds. 12.30 am Countryside Christian.

ULSTER

1.20 pm Lunchtime. †2.45 Friday Matinee: "Storm in a Teacup," starring Vivien Leigh, Rex Harrison and Cecil Parker. 4.13 Ulster News. 6.00 Good Evening Ulster. 7.30 Charlie's Angels. 10.29 Ulster Weather. 10.30 Witness. 10.35 Sportscast. 11.05 Benson. 11.35 Bedtime.

WESTWARD

1.20 pm Westward News Headlines. 2.45 The Friday Matinee: "13 Frightened Girls." 4.12 Gus Honeybun's Birthdays. 6.00 Westward Diary. 10.32 Westward Late News. 10.36 Soap. 11.05 In Business. 11.35 SWAT. 12.30 am Faith For Life. 12.35 West Country Weather, Shipping Forecast.

YORKSHIRE

1.20 pm Calendar News. †2.45 Friday Film Matinee: "Storm In a Teacup," starring Rex Harrison, Cecil Parker and Vivien Leigh. 6.00 Calendar (Emley Moor and Belmont editions). 6.30 Calendar Sport. 7.30 Hawaii Five-O. 10.30 Soap. 11.00 Pro-Celebrity Snooker. 11.45 Lou Grant.

Radio Wavelengths

1	1053kHz/285m 1089kHz/275m	3	1215kHz/247m & 90-92.5vhf stereo	BBC Radio London: 1458kHz, 206m & 94.9vhf
2	693kHz/433m 909kHz/330m & 88-91vhf stereo	4	200kHz/1500m & 92.95vhf	Capital Radio: 1548kHz, 194m & 95.8vhf
				London Broadcasting: 1151kHz, 261m & 97.3vhf

RADIO 1

(S) Stereophonic broadcast
‡ Medium wave

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.00 Andy Peebles. 12.30 pm Newsbeat. 12.45 Steve Wright. 2.32 Dave Lee Travis. 4.32 Peter Powell. 5.30 Newsbeat. 5.45 Roundtable. 7.31 Annie Nightingale. 10.02-12.00 The Friday Rock Show (S).

RADIO 2

5.00 am News. 5.03 Bob Kilbey (S). 7.32 Terry Wogan (S). 10.03 Jimmy Young (S). 12.03 pm David Hamilton (S). 2.03 Ed Stewart's Request Show (S). 4.03 Much More Music. David Symonds (S). 6.03 John Dunn (S). 8.02 Friday Night Is Music Night, part 1 (S). 8.40 Interval talk. 9.00 Friday Night is Music Night, part 2 (S). 9.55 Sports Desk. 10.02 Listen to Les. 10.30 The Organist Entertains. 11.02 Brian Matthew with Round Midnight including 12.00 News. 2.02-5.00 am You and the Night and the Music (S).

RADIO 3

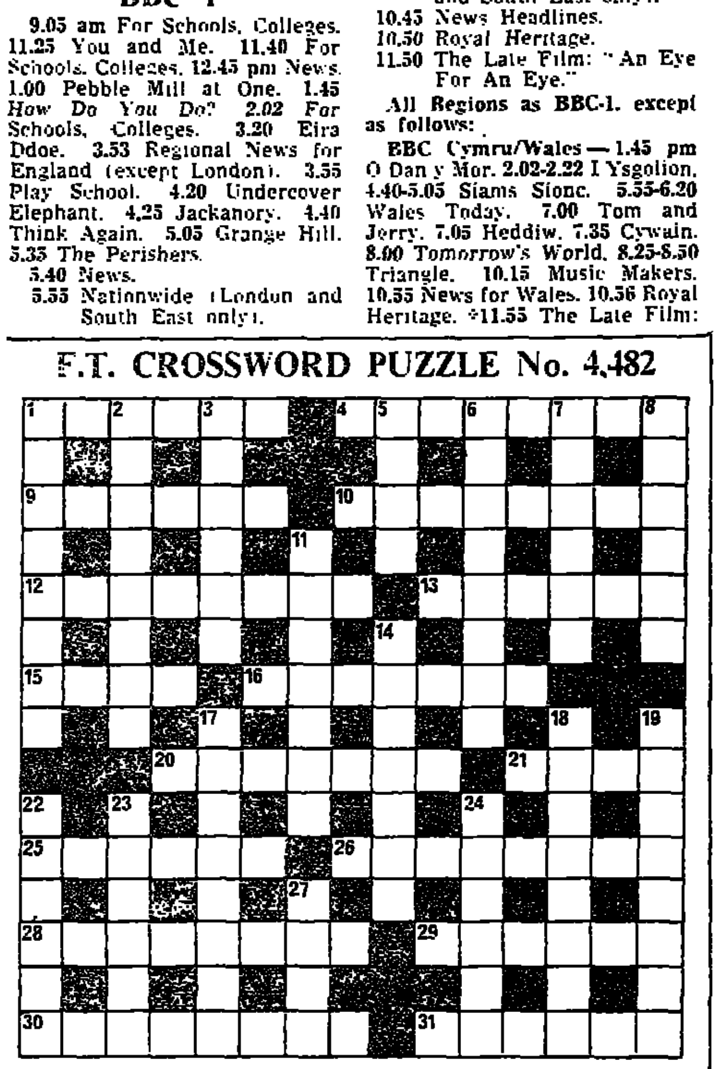
6.55 am Weather. 7.00 News. 7.05 Overture (S). 8.00 News. 8.05 Morning Concert (S). 9.00 News. 9.05 This Week's Composer: Rimsky-Korsakov (S). 10.00 Electric Phoenix (S). 10.50 Beethoven and Chopin piano recital (S). 11.45 Mogens Ellegaard accordion recital (S). 12.15 pm Midday Concert, part 1 (S). 1.00 News. 1.05 Midday Concert, part 2 (S). 1.45 What The Critics Said. 2.35 Del Mar Conducts British Music (S). 3.20 Cello and Piano recital (S). 4.20 Friday Afternoons (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.55 Play It Again (S). 7.00 Eilene Hannan song recital (S). 7.30 Amadeus String Quartet part 1 (S). 7.55 The Poetry of Herbert Read. 8.15 Amadeus String Quartet part 2 (S). 9.10 One Pair of Ears. 9.25 Music In Our Time (S). 10.30 A Man Of Pleasure. 11.00 News. 11.05-11.15 Byrd (S).

VHF Only—Open University—11.15-12.15 am.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today, including 6.45 Prayer for the Day; 7.00, 8.00 Today's News; 7.30, 8.30 News Headlines; 7.45 Thought for the Day. 8.35 Yesterday In Parliament. 9.00 News. 9.05 Desert Island Discs (S). 9.45 Feedback. 10.00 News. 10.02 International Assignment. 10.30 Daily Service. 10.45 Morning Story. 11.00 News. 11.05 Blackwood's Magazine. 11.50 Natural Selection. 12.00 News. 12.02 pm You and Yours. 12.27 My Music (S). 12.55 Weather; Programme News. 1.00 The World At One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 Afternoon Theatre (S). 4.05 Weigh-In. 4.15 Poetry Up To Now. 4.45 Story Time. 5.00 PM: News magazine. 5.50 Shipping Forecast. 5.55 Weather; Programme News. 6.00 News. 6.30 Going Places. 7.00 News. 7.05 The Archers. 7.20 Pick of the Week (S). 8.10 Profile (jazz violinist Stephane Grappelli). 8.30 Any Questions? 9.15 Letter From America by Alistair Cooke. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.35 Week Ending (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Today In Parliament. 11.45 Miles Kington explores the BBC Sound Archives. 12.00 News.

F.T. CROSSWORD PUZZLE No. 4,482



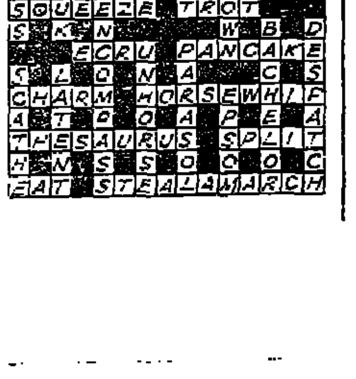
ACROSS

1 Everybody in bad song (6)
4 Crazy person required to break vessel (8)
9 Very strict always in the south-east (8)
10 Missile launcher is to pass over front of ship (6)
12 Fish counter I called initially uncivilised (8)
13 No main change in internal memorance (6)
15 Behold attempt to make a trademark (4)
16 Call it eastern insect (7)
20 Soldiers fail in duty and fall back (7)
21 Mean it could be a foundation (4)
25 A fellow is dandy (6)
26 Buy a grip (8)
28 Tied up a railway—it's the limit (8)
29 Softly exalt in commendation (6)
30 Teaching you in French to be violent (8)
31 Sailor posted missing (6)

DOWN

1 Vile dance, but it's game (8)
2 Left always on time for mechanical advantage (8)
3 Aviator is to display a hand (6)
5 Two groups of soldiers seldom met with (4)
6 Look like a burglar and friend in bomb-proof shelter (8)
7 People generally known (6)
8 Drawing to side of stage (6)
11 Ore from pit soldiers left (7)
14 Brew drink outside, but it's an accident (5-2)
17 Live more violently to perplex (8)
18 Fish with unusual ideas—it could be heaven (8)
19 Eastern people in tent or other type of accommodation (8)
22 Confound an inferior player (6)
23 Misplaced copper inside insect (6)
24 Beetle making mark on sailor (6)
27 Boast about a game (4)

SOLUTION TO PUZZLE NO. 4,481



ENTERTAINMENT GUIDE

OPERA & BALLET

THEATRES

CINEMAS

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FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

THE ARTS

Cinema

Fricassée d'amour

by NIGEL ANDREWS

Loulou (X) Camden Plaza and Chelsea Classic
The Jazz Singer (A) ABC Shaftesbury Avenue
The Lady in Red (X) London Pavilion
My Bodyguard (A) Plaza

Out on that darkling plain where ignorant proverbs clash by night, you will find Love at the heart of the fray. Have ever so many adage-coiners clustered, with rattling pens, around one theme? Love is blind: all's fair in love and war: love makes the world go round: love and marriage go together like... etc.

Loulou, by the French director Maurice Pialat who made *L'Enfance Nue* and *La Gueule Ouverte*, is a fricassée of all the figurative notions you ever pondered about love, plus a few insights all his own. Through this superb Stygian roundelay of raw emotions, set in a Paris of bar-haunters and benighted Bohemians, move Isabelle Huppert and the two male lovers she to's and fro's between; one her older, three-year boyfriend (Guy Marchand), the other a macho layabout played with marvellous five-star slobbishness by Gerard Depardieu, France's answer to the young Brando.

Marchand is Huppert's Monsieur Right in most departments except the carnal, and when Mss H sleeps over one night with M. Depardieu, Neanderthal man encountered at a disco, she finds the man who can supply the deficiency. Desire flames, and so does a kind of love, and so—when M. Marchand gets wind—do rows and jealousies. The three-cornered passion snags all three participants on its sharp-pointed vertices, though they shout and struggle bravely even while impaled.

Set to rugged, atonal harmonies worthy of that other *Lulu*, offspring of A. Berg, the movie picks at the characters' hearts and hopes and passions and brilliantly captures the flux of their feelings: not only in Pialat's customarily actor-centred camera style, where expressions caught on the wing are more important than elaborate Expressionist set-ups, but in a trip-hammer succession of emotions so fast they seem surreal. "All's fair in love and war." "Love is blind"; and Pialat's denizens-of-the-night are sightless dispensers of rough justice, guided by an invisible hand from rage to humour to scorn to tenderness. "Love makes the world go round"; and in *Loulou* the happy carousel of continuity keeps spinning into overdrive, like Hitchcock's demented merry-go-round in *Strangers on a Train*.

For all the classical contours of its eternal triangle, furthermore — the stable couple and the virile interloper — the movie keeps roughening the characters out of stereotype. Marchand, the older lover and breadwinner, is a man of childish mood-changes: one moment a doleful puppy who has lost his mistress, the next a mad flurry of flying fists and recriminations.

Huppert begins by trailing clouds of orphan timorousness from her *Lace-Maker* role, but develops into a plucky, impassioned life-lover. And Depardieu, who comes at us lank, long-haired, be-leathered and virtually wearing a label "unemployed lout," proves the strongest, most honest character of all: the only one to live avowedly by his passions and instincts rather than by precepts and frail promises.

Pialat's vision of love today is both grim and invigorating: a dark world streaked with light, where there are no certitudes ("All the couples we know have broken up," says Marchand to Huppert as they walk ruefully down a rainswept *rue*) but where there need also be no hypocrisies, no false hopes. Amid the ribs of darkness and the Dostoevskian volatility of its characters, there's a heroic optimism in the film and a vibrant, vindicating delight in life's vicissitudes.

With *The Jazz Singer*, yet another musical blockbuster from EMI hits the rocks and splinters in deafening Dolby stereo. As if *Can't Stop the Music* and *Times Square* were not enough to convince them that they have got the mixture wrong in their music movies, EMI are twice bitten, thrice blithe. With the demented persistence of a Holy Sunday flagellant they keep flogging themselves with dead horses.

So here we are. *The Jazz Singer* 1980-style. Owing to the indisposition of Al Jolson, the role of the New York cantor's son who leaps from synagogue to show business is undertaken by Neil Diamond, and the role of "Mammy" ("I'd walk a million miles . . .") by Laurence Olivier. Well, "Pappy" in this instance, Lord O being the gender he is: and for those who missed his piping-treble Jewish oldie act in *The Boys from Brazil* here is an encore, transposed down a key or two for the more stately role demands of the heavy-father cantor whose son turns his back on barmitzvahs to embrace the big bucks of the LA rock scene.

Descending on stepping-stones of its dead self to ever lower things, this two-hour maudlin marathon runs the gauntlet of every backstage musical stereotype patented since . . . well, since the first *Jazz Singer*. (When of course, they were prototypes.) So here we have the heart - tugging tug - of - war between family and career: the moment of religious awe in the recording studio when everyone realises that Jess Rabinowitz (alias Mr. Diamond) can really sing: the scene of angry Papa walking out (of his son's beach home in Venice, California) and the scene of tearful Papa walking back (to join the standing ovation at his son's big concert): and we have backstage True Love, between Diamond and his manager Lucie Arnaz, blossoming beatifically beneath the flies.

Of course what we don't have is the freshness with which these tropes were once played out in Hollywood movies, or the lovely freedom with which songs and dances used to caper into real life scenes. Most of the key musical scenes in *The Jazz Singer*, as in other modern rags-to-rock-star films, are set in recording studios, than which there are few more lifeless settings on earth: all eggboards, earphones and deaf-and-dumb semaphore through the glass partitions.

But even when it goes out for a breath of fresh air. *The Jazz Singer* practically suffocates. Director Richard Fleischer has shot the California exteriors through a dark-yellow filter, as if staining the lens with nicotine, and visually the film is matchingly hideous throughout. Neil Diamond is no more than a brave tryer as an actor, and watching him play scenes with Olivier, even given the latter's generous handicap of a ying-tong Yiddish accent, is like watching a gamesome amateur fighter trying to outfox and outbox Muhamed Ali. But at least, count your blessings. Diamond can sing: and if you go to the movie with a blindfold, and a selective use of ear-plugs for the dialogue scenes, you may salvage some entertainment.

The Lady in Red is a piece of apocryphal history that says, a pox on all history! let us take a real-life event and soar with it into a firmament of B-movie fiction all our own. This is allegedly the life story of a young lady who on leaving a Chicago cinema with her male companion in 1934 had the unnerving experience of watching him being perforated by police bullets. The man was John Dillinger, who promptly exited colander-like into immortality, and the lady was . . . well, who?

Her cloudy history—little is known other than that she was a "lady in red" and was supposedly Mr. D's betrayer—is irradiated for us in this cheerful paste-and scissors thriller, which sticks together the established facts plus a lot of colourful baloney about bank-heists and brothels. As befits a production from the Roger Corman stable, it moves at a terrific pace and, by virtue of following its instincts and hunches rather than steeping itself in reverence, tells us more edgy truths about the time than many a more costly and prestigious period movie. Pamela Sue Martin stars as the "lady" and Lewis Teague barnstormingly directs.

My Bodyguard tells us little if anything about Chicago 1980, wherein it is set, or indeed about the human condition anywhere at any time. This plaintive little comedy-tearjerker about a bullied boy (Chris Makepeace) who defends himself against the school nasties by hiring his very own bodyguard (Adam Baldwin) is emotionally twee and morally primitive—it ends with victorious fisticuffs and a salute to the very Might-is-Right banner it has been crusading against during the preceding 90 minutes—and Ruth Gordon and John Houseman are among the warm and wacky older talents wasting away in the background.

Gerard Depardieu and Isabelle Huppert

Young Vic

Pygmalion

by B. A. YOUNG

Shaw's Pygmalion has become as familiar as a folk-tale, whether as a stage play, a musical, a film of a play or film of a musical. Rather eccentrically, Denise Coffey has chosen to do a production of a version re-written by Shaw for the film (the film of the play) and has Donald Eccles, admirably disguised as Shaw, speaking stage-directions as well as taking a variety of little parts. The extra material and the cuts cancel one another out, and the production takes about two hours and a half, with two intervals.

Miss Coffey has got a good strong company, with Lesley-Anne Down at the centre of it as Eliza. And a very good Eliza too, though she has come too far Downstairs from Upstairs in the first act and exaggerates her Cockney. And if my ears don't deceive me she is unwise enough to believe in Shaw's phonetics—"Trod into the mad" indeed! At Mrs. Higgins At Home she is hilariously funny with her correct vowels and common talk: and at the Ambassadors' Ball she is perfect—elegant, graceful and carefully correct in her speech. The subsequent scenes with Higgins show her mistress of sentiment as well as of phonetics, and I was much moved.

David Henry's Higgins, with a light black beard, is properly commanding and ill-mannered, and suggests a faintly romantic temperament in his teasing of his pupil, which works well. Colonel Pickering (Tim Seely), on the other hand, is not quite commanding enough; he tends to recede into the background when he should be a power on the sidelines. C. J. Allen's Doolittle is another who shows a rather under-developed personality. When he turns up in morning-dress he looks more at home than he did with his dustman's hat on, for all his Cockney voice.

As Mrs. Higgins, Judy Campbell gives a genuine suggestion of being Henry Higgins's mother; she is an impeccable hostess, but there is a razor-sharp edge to her voice when she puts her son in his place. The Eynsford-Hill ladies are suitably ornamental and, like Mrs. Higgins, are superbly dressed by Bob Ringwood. Clara says "Such bloody nonsense!" very prettily. Her brother Freddie is misunderstood by Tim Thomas, it seems to me; he plays him as a clown, whereas he must surely be a chinless wonder brought up on his mother's strict model.

As a method of playing *Pygmalion* on a perfectly bare stage, with no more than a few bentwood chairs for sets, Miss Coffey's scheme works well. I was never put off by Higgins's need to sit on the floor or play an imaginary piano. But I had a nostalgic longing now and then for a proscenium, and I was quite prepared to take the stage directions as read, rather than spoken.

Lesley-Anne Down Leonard Burt

Agreement reached on enlarged Ulster Orchestra

The Ulster Orchestra is to be expanded in May from 37 to 55 players with wider repertoire and greater public appeal through Northern Ireland and national network broadcasts, following an agreement between the orchestra, the BBC, the Arts Council of Northern Ireland, the Musicians' Union and the Northern Ireland Musicians' Association.

Support for the expanded orchestra will consist of a continuing major commitment from the Arts Council of Northern Ireland, with a grant from the Belfast City Council. The BBC has guaranteed funding support up until the end of March 1986 which it hopes to continue at least until March 1991.

The amount reserved for the first full year of this guarantee, which includes a broadcasting entitlement, is £190,000 and this will increase in future years to reflect rising costs.

In addition, the firm of Gallaher will promote a special series of public concerts.

Wigmore Hall

Trio du Nord

by DAVID MURRAY

The members of the Trio are Scandinavian, which explains their label (if not its language), and also their choice of opening work on Wednesday — an early piano trio by the Norwegian Fartein Valen. It proved to be a well-argued, unremarkable piece, roughly in the idiom of Berg's early piano sonata: Valen's characteristic spare, disconsolate manner was still some way off. The remaining works displayed the team more interestingly.

They gave as strong and exciting account of Ravel's masterly A minor Trio as I have heard in a long time—and that despite some plain solecisms: excessively unstable tempi, a few slashing climaxes from the piano, a *Passacaille* too ponderously punctuated. Those accounted for little against acutely sensitive phrasing, a broad and far-sighted dramatic plan, and the gorgeous and articulate collective sound. Similar things could be said about their playing of Schubert's B-flat Trio: if the dynamic range ran to extremes and new thoughts were too deliberately signalled, it was a living musical whole that they set before us.

There seems to be a valuable creative tension among the players, who are quite distinct performers (a drawback in a string quartet, but a strength in a piano trio). The violinist Ole Böhn is cool and scrupulous, and the cellist Hege Waldeland warm and imperturbably steady. The unpredictable, volatile factor is clearly the pianist Hakon Austbö, a wilful and inventive musician who presses his partners along risky paths—at the end of which, as often as not, they strike gold. Ravel's *Passacaille* and Finale had breathtaking passages where the strings for once held their own triumphantly against the unbridled piano; older and more seasoned teams play safer, and lose accordingly. There were defiant quirks in this concert, and rewards beyond reasonable expectation.

Tricycle, Kilburn

Black Ball Game

by MICHAEL COVENEY

Don Webb's first stage play, seen last year at the Sheffield Crucible, is an entertaining comedy similar in some respects to Michael Hasting's *Gloo Joo*. As in that play, a black intruder turns the tables on his white interrogators by a show of charm and irrefutable logic supposedly unavailable to the savage just swung down from the trees. But whereas Hastings's hero was fighting a deportation order, Harry Taylor is further ensconced in the social fabric and applying for the job of a salesman in the retail food trade.

John Peter, the heavy-drinking divorced associate of the training and selection company, is discovered languishing in the débris of a late night in the hotel conference room. In walks Harry. A black salesman has never been known before. He must, Peter assumes, be one of the cleaning staff. After the initial shock, Harry warms to his task of breaking down prejudice and finds himself stretched to the limits of his ingenuity when the boss (Nigel Anthony) turns up to vet the candidate.

The firm is to film the final interview for the benefit of a big client who will solve all their financial problems. There is, for a start, the matter of the technical equipment—the television with video cassettes, and the camera. To enforce the feeling that this is a play with commercial possibilities, a little man (Bill Monks) turns up at the end of Act 1 to reclaim the hardware. Afflicted with popping eyes and a severe twitch, this character is summarily despatched by Harry who needs the job after five rejections and who thus has an interest in the stuff staying put.

Peter's comic role is extended by introducing Mary (Geraldine Sherman), who works in the hotel, as his potential salvation. While he sobers up and capitulates to Harry's undeniable claim on the job, so she carefully nudges him towards an attachment more lasting than a one-night stand. The part is full of possibilities for the technically accomplished comic actor and most of them are vigorously seized by Max Mason and the director, Andy Jordan.

An obscene racist outburst by the boss is topped by the surprise entrance of Yemi Ajibade as the big cheese, and the reconciliatory ending that seemed within grasp is smashed in a final embittered scene. Hugh Quarshie caps an admirable performance by reverting, if not to type, then at least to the disappointed attitude for which a history of rebuffs has fully prepared him.

Churchill, Bromley

The Case of the Frightened Lady

by ANTONY THORNCROFT

Anyone waking from a fifty year sleep would feel quite at home with the current London theatre. A couple of plays by Coward on call, a Priestley and now an Edgar Wallace thriller re-emerges at Bromley. At its premiere in 1931 it starred Emlyn Williams, Cathleen Nesbitt and Finlay Currie; it is doubtful whether even contemporary actors of equivalent stature could breath life into this sagging relic from the past.

The chauffeur of Mark's Priory, dressed as an Indian to attend the village fancy dress ball, is strangled in the grounds. There is a locked room; two shifty footmen; family secrets screaming to be released; and a pretty young girl terrified of something. Surely such ingredients should produce the occasional glimmer of interest, a slight frisson of surprise? Alas, no.

A creaky production and actors who generally seem as remote as the play do not help, but really Wallace carries the main responsibility for creating such a nonsense. His reputation was built on introducing realistic police procedures into his books and plays but the labour spent here on fielding a sizeable police team is rather wasted when the murderer/murderess (let's play fair) obligingly admits all, unprompted when it is time for the curtain to come down.

Such theatrical curiosities can work when performed with élan or sharply sent up. This production is deadly serious, with the laughs dependent on the ritualistic chirpy cockney police sergeant. There are glimpses of period charm in references to bootleggers and knock out drops, but what really intrigued me was the presence on stage for five minutes of six silent and quite superfluous actors, and the introduction of one more for a quite irrelevant little scene. Perhaps the Manpower Services Commission is supporting the show. David Troughton does his best as the daft Lord Lebanon and Lucy Gutteridge, fresh from inter-war glamour in the televised *Love in a Cold Climate*, floats through a more depressing chunk of thirties' unreality.

Festival Hall/Radio 3

Elder by DOMINIC GILL

The London Mozart Players were directed on Wednesday night by their new principal conductor Mark Elder. Mr. Elder's real and undoubted talents have so far shown themselves most remarkably in their reasonableness, intelligence and care—his performances (at least in the concert hall) have been less memorable for their guts and zip, their surge and fire. Traditionally it was Harry Blech's peculiar admixture of carelessness and unstoppable, passionate momentum that seemed to draw from the Mozart Players their best playing on a good evening. Tough, precise momentum, let alone passion, was not on this occasion Mr. Elder's forte; and it was toughness and momentum, in all their guises, which the playing of this concert most notably lacked.

The single, luminous exception, at the heart of the programme, was Alfred Brendel's account of Mozart's E flat piano concerto K271: and in it he carried the music. Mozart Players, Elder and all, before him. He gave the opening movement with just the right degree of simplicity, deceptive, delicately keyed, that yielded to no kind of mannerism or sentiment. And (more important still) the slow movement likewise, whose line he drew, and sustained, unerringly straight and true. That andantino is one of the greatest movements of instrumental music ever written anywhere, by any composer. Brendel confirmed this lasting truth with the greatest restraint, never seeming over-anxious, as it were, that we should never forget it: but in his very reserve, the more powerfully eloquent.

The concert had begun with a rare hearing of the second of Handel's three concertos *a due cori*—essentially concerti grossi whose concertino is a pair of wind bands, widely spaced, each containing (in the case of No. 2 in F) two horns and oboes and bassoon. The movements of the concertos are all adaptations of vocal numbers from Handel's most popular oratorios—and were in fact written to fill in the intervals during performances of the oratorios themselves. We should hear them more often: sparkling transcriptions, full of neat twists (especially in the outer movements, antiphonal) counterpoint, well worth reviving. Even these performances, decent and willing but of no great finesse and rhythmically slack, were in the end good fun.

The evening ended with symphonies by C. P. E. Bach and Beethoven: each on its own terms an acceptable and enjoyable account whose every measure was kept firmly in the middle ground. The first movement of Bach's D major symphony No. 1 should be balanced on a razor's edge. In Elder's hands its snapping blades were homely, careful, blunt. And every page of Beethoven's Eighth is alive with detail that here went unobserved — it seemed in a welter of carefulness, no pizzicato too detached, no *piano* or *forte* unusually or distractingly soft or loud, no rhythm unduly assertive, nothing emphatic, no point too daringly made.

Alger Hiss film at Riverside

Riverside Studios will present four screenings of John Lowenthal's film *The Trials of Alger Hiss* on February 7, 21 and 28 at 3 pm and February 8 at 2.30 pm.

The film, which had its premiere at last November's London Film Festival, is an account of the Cold War espionage and perjury case that catapulted Richard Nixon to national prominence in the U.S., imprisoned a former State Department officer, and aroused such political passions that it remains controversial to this day.

On February 8 at 5.30 pm, following the afternoon screening, there will be a forum to discuss the film's revelations and implications in the context of contemporary attitudes to the McCarthy era.

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Staying out of the war

GENERAL ALEXANDER HAIG, the new U.S. Secretary of State, is absolutely right to rule out the delivery of any arms to Iran, including the consignment, already paid for by the Iranians, which was frozen after the seizure of the hostages.

Until now the war has remained at a remarkably low level of activity, and nothing should be done to intensify it. The Iranians can reasonably claim that they are the injured party, on the defensive against an Iraqi invasion. But it is vital that outside powers should do nothing to aggravate the situation. There is an obvious danger, that the Soviet Union could seek to take advantage of it, by substituting Russian for American arms. But it should be noted that Moscow has until now adopted a posture of extreme restraint vis-a-vis the two belligerents, which is an additional reason for Washington to follow a similar policy.

Even if the Russians were to *change their tack, and decide* to give more support to the Iranians, it is not self-evident that the U.S. should attempt to *outbid* them, even if domestic public opinion permitted such a volte-face. The new Reagan Administration must be extremely sensitive to anything which could give the Soviet Union greater influence in Iran and easier access to the Gulf. But the Islamic regime of Khomeini is almost as profoundly hostile to the Communist super-power as to the capitalist.

This is not just a question of being even-handed, but rather *of being even-handed at the* lowest possible level, so as to minimise any danger that the war could spread. Western *diplomacy last year helped dis*suade the Iraqis from carrying the war down to the lower end of the Gulf: there could be no advantage for the West in attempting to pre-empt putative Soviet ambitions in Iran, if this were to jeopardise safe passage through the Straits of Hormuz in the first instance, or the willingness of the Arab oil producers to maintain their current high levels of output in the second.

It is towards this second problem that the new American administration should now be directing its attention. Partly out of a sense of a general community of interest with the West, some of the Gulf states have been producing more oil than their own financial self-*interest would require: were it* not for the repercussions on their customers in the West (and indeed in the Third World), they could put their oil assets to better account by producing less and charging more. But they cannot be counted upon to go on doing so indefinitely just because that is what the Americans ask them to do. Some new ingredients *are required* to prop up their and our mutual interest in a satisfactory production and pricing policy.

Camp David

One of these new ingredients must be progress in the Arab-Israeli dispute. It is not necessary to take too literally the talk of a *jihad* or holy war over the Palestine issue, which emerged from the Moslem summit at Taif earlier this week. But the summit should be taken as *a warning to the Americans that* the Arabs (together with the other Moslem countries) are not satisfied with what has been *achieved so far under the Carter* Presidency.

General Haig has preferred not to display any sense of urgency on this issue, beyond standing pat on a general platform of support for the Camp David process. On the other hand, he has called for intense discussions with Europe and Japan on ways of safeguarding *Middle East oil supplies.* It stands to reason that if the agenda for such discussion were confined to the deployment of military capabilities in the Gulf, the outcome would not be very fruitful. What is required is something which will move the Palestinian issue forward, as well as the beginning of a serious dialogue on oil pricing and production.

Nissan in the UK

THE *PROPOSAL* that Nissan should build an assembly plant in the UK may arouse fears—reminiscent of the Hitachi affair in 1977—of Trojan horses, adding to over-capacity, and unfair use of regional subsidies to support competitors. These anxieties appear largely misguided.

It is not possible to keep *strong competitors at bay by* obstructing their investment plans, and it is unfortunately quite untrue that there is an excess of modern, effective mass-production capacity in the motor industry. The main difference between a Japanese assembly operation and some of the other foreign-owned plants in the UK is that customers appear to want the Japanese product. Moreover, Japanese management has performed on the whole outstandingly well in British conditions.

There are important matters to be settled which will determine whether Nissan is more or less welcome: the company should be encouraged to make the greatest practicable use of the UK components industry, and close attention must be paid to realistic transfer prices.

It is more reasonable to object to excessive regional subsidies. Competition between development authorities throughout Europe has driven concessions to a level which is unfair to established industry, and adds significantly to the problems of economic management. This, however, is an issue for the EEC as a whole: there is no reason to exclude Nissan from the advantages of the system which is now in force.

Polish warning

THE RESURGENCE of General Mieczyslaw Moczar has been one of the least expected aspects of the political and social earthquake which has struck Poland. General Moczar, more than anybody else in Poland, bears the historic responsibility for ensuring the alienation of a large of the Polish intelligentsia from the Communist régime. He achieved this principally through his anti-semitic campaign and the violent suppres*sion of the 1968 student revolt.*

Among those imprisoned in 1968 were people like Adam Michnik and Jacek Kuron who *emerged after the 1976 food* riots as the leaders of KOR, the organisation set up to defend the rights of those arrested and *imprisoned and to press for* greater respect for human rights in general.

Thanks to the activities of KOR, a link was forged between Poland's dissident intelligentsia and a frustrated working class. The value of this link emerged last summer when the snowballing working-class protest blossomed out into the creation *of an independent trade union* movement. The new Solidarity Union called in KOR and other members of the catholic intelligentsia to provide it with legal and other professional advice which has proved of enormous *value. It has given* Solidarity the organisation and strategic perspective which has made it a real channel of communication between the working class and the authorities and also a movement for the wider re*generation* of Polish life.

It is precisely this linkage which the Russians, and hard-liners within the Polish Communist Party, now seem determined to break. To judge by General Moczar's recent article in the party newspaper Trybuna Ludu, he appears to be putting himself forward as the man to carry out this task.

In the past the Russians have been worried about General Moczar whom they have approved as a man of order but disliked as a strong Polish nationalist because anti-Russian undertones usually lurk just below the surface of Polish *nationalism.*

Under present conditions, however, the General's reputation as a man of order has *fresh attractions both for the* Russians and for party hard-liners. Few Poles appear to take the possibility of direct Soviet *intervention in Poland seriously* because of the huge problems this would cause the Russians. The further promotion of *General Moczar would create* more credible possibility—the use of force by the Polish security forces themselves. This could be presented to the world as regrettable but necessary to restore order and to forestall the greater evil of direct intervention by the Soviet Union leading to the loss, once again, of Polish sovereignty.

Vital as sovereignty is, the use of force ostensibly to maintain it would not solve Poland's problems.

Force would probably be directed in the first instance against the dissidents and the *intelligentsia, as in 1968, with* the aim of dissolving the present link between the intelligentsia and the working class. But this is the basis of what General Moczar himself described as "the great historic renewal of social life." General Moczar's latest sortie should be interpreted as a warning to both unions and government that fresh efforts must be made to establish a climate of mutual confidence and to get the economy back in shape before *repression returns.*

JAPAN'S CAR EXPORTS

Nissan's British-made option

By Kenneth Gooding, Motor Industry Correspondent

JAPAN'S carmakers, worried by protectionist pressure in most of their main markets and by the formidable challenge that may soon be posed by the emerging "world car" companies, may be beginning to evolve a new strategy.

Nissan's announcement that it is considering a new plant in Britain is the latest, and possibly the most important, sign of this change of heart. Three of Japan's car manufacturers have recently announced a range of such studies, joint ventures and new assembly plants.

Of these three, Toyota, the largest, has been the most cautious. *But it is in the middle* of a major study of a possible car assembly plant in the U.S. and has also had discussions with Ford about co-operation in that market.

Honda, the smallest and up to now most internationally minded of the three, has already announced plans to build cars in Columbus, Ohio next to its motorcycle plant. In Britain it is building a new car, the Triumph Acclaim, jointly with BL.

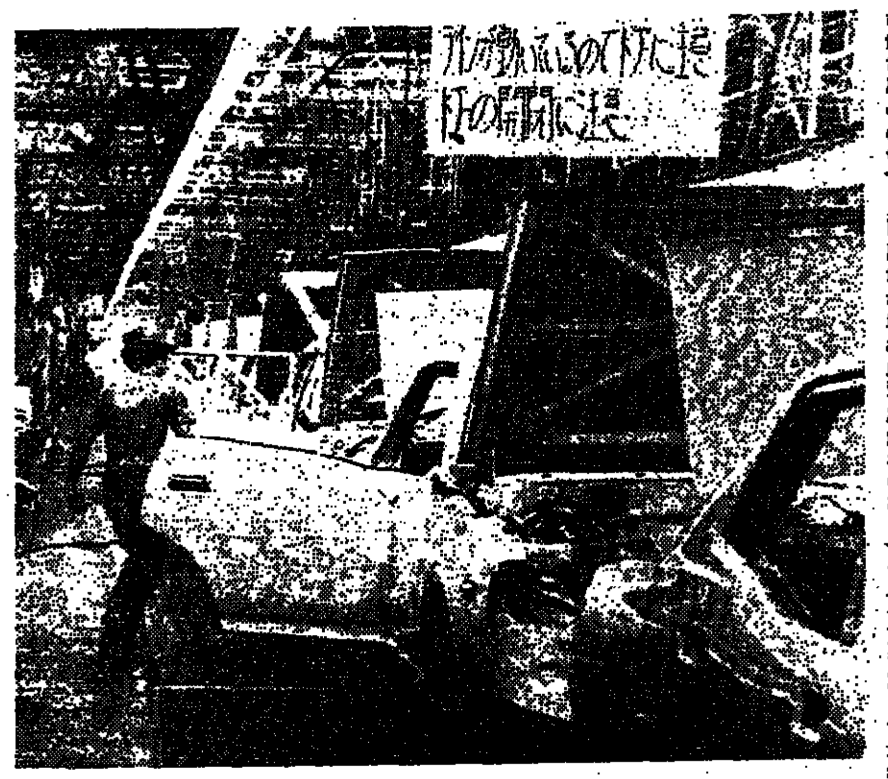
Nissan, meanwhile, appears to be the *most* interested in Europe and has recently announced on a burst of new proposals. It plans a joint venture with Alfa Romeo (fiercely opposed by Fiat), has a 36 per cent stake in Motor Iberica of Spain and has begun possibly far-reaching *talks* with Volkswagen. In addition it has an engine plant in Mexico and a pick-up truck assembly plant in Tennessee.

But its British proposal, if it gets off the ground, appears more ambitious than any of these. As such it is the clearest *recognition yet of what may be* the emerging new strategy.

All the Japanese car companies have two fears. One is that their European and U.S. markets may be progressively shut off by formal, or informal, import controls. The other is that they will not be able to compete with companies like General Motors and Volkswagen which are pouring money into the creation of a series of "world cars."

DATSUN

Nissan's announcement that it may build a car plant in Britain is a further sign of the way the world car market is changing. Japan's car makers could soon begin to find themselves frozen out of their major export markets. As protectionist pressures grow they are reviewing their strategy.



The GM strategy means siting assembly plants in strategic markets around the world either because they offer a large potential market or because local Governments insist on it. Manufacturers can make major savings on such things as design, engineering and tooling costs which can be spread over a much larger output of cars.

There are also components or assemblies with high added-value, like engines and gearboxes, which can be produced in big volume at one or two plants and shipped over long distances: from Japan to the UK for example.

For Nissan, Britain is an *obvious place to have* an assembly plant because car makers prefer to place their factories as close to the major markets as *possible. Nissan's* Datsun cars already have more than 6 per cent of the British new car market and sales of roughly 100,000 a year.

An ideal assembly plant these days can produce 250,000 to 300,000 a year on a two shift basis. New robotic techniques allow much more flexibility in the number of different models with which a plant can cope.

The European car makers, particularly in Italy and Spain would obviously press their Governments to insist on a high British content in any cars produced by a Japanese company in the UK before allowing them access as European *vehicles.*

Nissan, if it goes ahead, will take account of this and reach 80 per cent local content (either British or EEC) because it has accepted that that is the only way it may be able to quieten the protest of its European rivals.

As far as Britain is concerned there seems, at first sight, to be some contradiction in the *actions of the Government.* First it said three days ago, rather grudgingly, that it would put up a further £990m for BL its own *ailing motor group.* Then yesterday it announced it hoped to attract to Britain's already overcrowded car market one of *BL's major* competitors, Nissan of Japan.

But BL is part of an "old" problem. The invitation to Nissan, and the promise of substantial financial support, is part of a longer-term strategy. *For the Government has its eye* on the increasing number of Japanese companies which are now reluctantly accepting the need to move away from their manufacturing bases in Japan if they are to continue to expand their share of overseas markets.

Britain has had some success with the Japanese electronic *and consumer goods companies* which were among the first to move their manufacturing away from home and for some time the Department of Industry has *been trying* to tempt the Japanese motor industry. In its minds eye are the benefits that accrued to Britain from the post-war "American invasion."

The benefits of Britain as a base are that it offers a skilled *labour force*, good communications (both national and international) access to plentiful finance from the private sector and, of course, the English language, which has become the international commercial language. And British Government grants and other financial help are at least as generous as those offered by other European countries.

On the debit side, however, is the high value of sterling — which will be a long-term factor —and the antiquated labour relations practices which have helped give the motor industry in Britain a reputation for having a "difficult" workforce.

The British industry can certainly do with a transfusion of new blood, and the Japanese seem to be the only available donors. There are still question marks over BL's future: Talbot UK's future is also somewhat obscure (there were more redundancies at the company yesterday); and General Motors *seems determined* to run down its Vauxhall subsidiary to the stage where it is simply an off-shore assembly point for its Opel cars. *Only Ford is left looking* reasonably healthy in Britain.

The obvious symptoms are plain to see. The output of cars in the UK slipped below 1m last year for the first time since the mid-1950s. The balance of trade in motor products moved into the red in 1979 for the first time and was only just back in the black last year.

The UK components industry is desperately looking for customers. Faced with famine at home, the component makers are also having extreme difficulties in the search for export orders in view of the strength of sterling. So the components makers in particular should welcome Nissan.

NISSAN EXPORTS

1980 (estimate)

	Vehicles	% change	KD sets	% change
South-East Asia	92,000	+27.7	59,000	−5.6
North America	655,000	+28.0		
(U.S.)	(614,000)	(+23.3)		
Central & South America	82,000	+66.3	62,000	+17.3
Oceania	46,000	+47.0	34,000	−15.4
Africa	95,000	+37.4	26,000	+12.3
Europe	336,000	+16.7		
Middle East	157,000	+39.4		
Total:	1,463,000	+29.0	181,000	+1.3

Source: Nissan

The Datsun hare aims to outpace its rivals

By Richard Hanson in Tokyo

THE NAME Datsun, by which Nissan Motor cars and trucks are known around the world, was originally written with Chinese characters from an old expression meaning "with the speed of a hare." The name was considered fortuitous in 1914, when Nissan produced its first motor car. And it is certainly an apt description of Nissan as it enters the 1980s.

Nissan, as second largest *among the 11 aggressive com*panies which make up the motor industry in Japan, has a particularly strong reputation for running hard. The Toyota Motor Group with its vast financial and marketing strengths, may be permanently in command of first place in Japan, but Nissan has adroitly outpaced all others in diversifying overseas (with *around 30 foreign-based* assembly plants so far).

Moreover, spending for research and development of some 3 per cent to 4 per cent of its annual sales (which in the last fiscal year were up 18.7 per cent to more than Y2,700bn—about $13.2bn) has also meant that Nissan has maintained a respectable place in new tech*nology in Japan*, especially in automobile electronics. Nissan has, according to motor industry analysts, outpaced the competi*tion in introducing microcom*puter controlled cars, and applying electronics to improve fuel efficiency and emissions controls.

The roots of both Nissan's penchant for overseas ventures *and marketable technology are* visible in the highly competitive environment at home in which Japan's motor industry grew up. Toyota and Nissan each have a group of affiliates and subsidiaries which form empires of sorts sitting above the smaller makers.

Neither, however, has managed to gain a share of the market large enough to control the motor industry in Japan. The share of the two companies' *combined production was only* 55 per cent in 1979 (compared with an 83 per cent share in the U.S. for GM and Ford). And the *Toyota-Nissan* hold on the market has in fact been on the decline in the past 10 years (after peaking briefly in the 1975 recession which hit smaller companies hard). This has meant a constant scramble *for markets, price competition* and new ways (via technology) of drawing an increasingly sophisticated consumer into showrooms around the world.

At Nissan, the critical decisions on future strategy came after January, 1979, when a major reshuffle in management was carried out under the leadership of the company's formidable chief executive, Mr. Takashi Ishihara. Nissan strengthened its domestic sales network to help narrow the gap with Toyota on the *home front* (about 30 per cent versus 37 per cent of total sales) and to consolidate its lead overseas.

Nissan was in any case more sensitive to the protectionist winds which have swept the U.S. and Europe, perhaps because of a much longer tradition of co-operating overseas. (From 1952 to 1959, Nissan got on its feet by producing Austin motor cars under licence.) It also tends to assemble completely knocked-down kits (KDs) in overseas plants whereas Toyota exports semi-finished KDs.

At home, it is in the middle of a spending programme to improve its plants that will *cost up to Y200bn a year by* 1985. The company spent about Y150bn last year, much of it centred on refitting plants to produce the next generation of front-wheel drive cars (an area in which Japanese makers have, *in fact, lagged behind* the competition in Europe).

The rapid-fire decisions made in the past year to move boldly into new overseas ventures (including a stake in Motor Iberica in Spain, a joint venture in Italy, a $300m small truck plant in the U.S., possible production ties with Volkswagen; and now a feasibility study in the U.K.) may astonish the rest of the motor industry which is beginning to look almost tortoise-like in the race *with the Datsun hare.*

MEN AND MATTERS

Rippon bills the Government

"This is one issue that is just not going to disappear" says former Tory Minister and European Parliament leader Geoffrey Rippon, whose looming presence spells more embarrassment for the Government than any Tory desertion to the social democrats.

The issue is the question of "fair compensation" under Labour's 1977 nationalisation Act for shipbuilders Yarrow, Vosper and Vickers.

Rippon, with the support of other Tories like Maurice Macmillan and Michael Grylls, today introduces a private member's *bill in the Commons designed* to amend Labour's compensation terms and give the former owners a market price for their *assets.*

"It merely seeks to do what the party clearly indicated should be done," says Rippon. "But what the Government has so far refused to do." He quotes the previous views of Financial Secretary Nigel Lawson—"Grossly inadequate" and Michael Heseltine—"More like confiscation than compensation," as evidence.

Yet Vosper, he points out, has only received £5.3m—less than the cash the company had in the bank let alone its £25m other *assets.*

Rippon's Bill, due to come up after other legislation to curb indecent displays, may not make *much progress through the pro*cedural hoops.

But it solidly reinforces the pressures of protest debates in the past six months in which 153 Tory MPs stood up to be counted against the Government's refusal to take retrospective action.

If the Cabinet do not right the injustice, then perhaps the European Court will, Rippon rumbles.

More spice

Meanwhile, back at Barkers of Kensington, House of Fraser directors were holding a Board meeting to organise their takeover battle committee. Lonrho's chief executive Tiny Rowland, *visibly enjoying himself*, was there to keep an eye on proceedings and so was fellow Lonrho director, Paul Spicer.

Professor Smith held a small Press conference ahead of the meeting answering such impertinent questions as "why did the Board seek Sir Hugh's removal?" — a change of company direction was the official answer.

A small disturbance at the back of the room: "You've joined the Press have you, Mr. Spicer," said the sardonic Manchester professor. But such a polite academic hint was lost on *the Lonrho man.* He stayed.

Pipelines

After digesting the annual report and accounts, too many small shareholders find themselves starved of information during the rest of the year about company activities and plans.

Boards which neglect to cater for such appetites might profitably ponder the example of Shell which today will be popping an eight-page bulletin through the letter boxes of some 400,000 shareholders.

For the past three years, Shell has been using the newsletter to keep shareholders up-to-date about its corporate view of life in general and its investment and other development plans in particular.

It has followed this up with three meetings in different parts of the country each year—to be held this autumn in Derby, *Newcastle and Bournemouth*—at which senior executives talk about their work and then answer shareholder's questions.

Shell's shareholder relations manager Ian Arthur tells me: "More than 17,000 people have attended the meetings so far and the bulletin stimulates continuing contacts.

"We believe we've got tremendous returns from what is a very simple and relatively inexpensive operation. It has developed into a two-way flow of *ideas from which executives get* just as much benefit as shareholders."

Wild life

Another plaintive cry was to be heard with those of the curlews and local Tory "but might be a social democrat" MP Robert *Hicks over Cornwall's Bjodmin* Moor yesterday. It came from Kenneth Gilbert, Geevor tin mines' managing director.

Cornwall county council has imposed a six-month ban on Gilbert's project to drill up to *100 boreholes on the eastern* side of the moor in search of more tine. Yielding to the arguments of the county's naturalists' trust, it says that the whinchats and wheatears, redstarts and snipe, that inhabit those regions must not be disturbed at their nests between March and August.

"I'm hopping mad," says Gilbert. "*We weren't going to* cause a disturbance anyway. No machinery . . . just a couple of men with a hand-operated drill."

Geevor's valiant attempts to revive the Cornish tin industry are already going through a hard time. The company's 376 workers have agreed to work an extra day a week without pay.

"We have great hopes of *finding* more workable ore deposits in the area," says Gilbert. "If we did, it would mean more jobs. And heaven *knows they're needed. This* delay could be very serious."

He is trying to get the restriction reduced to two months. But that, say the naturalists, would ruffle a lot of feathers.

Turning again

John Woolgar, who resigned in September from Tring Hall, the unlisted securities issuing house which he founded, plans *a return to the City* in March, with a similar venture.

Woolgar left after a clash with co-founder Dennis Poll *over management policy.* Poll has pushed for expansion on a scale necessitating a £2.5m rights issue in November. Tring Hall was floated little more than a year earlier with ordinary capital of just £600,000.

Woolgar's so far unnamed venture will confine itself to issuing house services. Together with partners, again nameless for the time being, though not Rowe Rudd emigrés, he reckons on finding about £2m to set up shop. He now has four companies on his potential client list.

Woolgar does not rule out *guiding clinets into a full Stock* Exchange quote, but has little initial expectation of poaching them from the merchant banks. Instead, he pins his faith on what he hopes will be "enormous growth in the unlisted securities market," and also expects to tempt investors with some foreign issues.

Observer

POLITICS TODAY

Suddenly, Pandora's box is open

THE MOST spectacular way for Britain's new political party to make a splash would be to try to force a mini general election. It could be done quite easily. The 11 Labour MPs who have joined the Council for Social Democracy so far—with perhaps more to come — would resign their seats and declare their intention to stand again as Social Democrats.

The Labour Party, which would have the say in these matters, might delay the consequent by-elections as long as possible and might well decline to hold them all on the same day. But even a series of by-elections, strung out over several months, would be an intriguing test of public opinion and of the possibilities for political realignment.

Yet it seems that CSD planning does not reach that far. Indeed there is still a very slim chance that no new party will emerge. Since the special conference at Wembley last Saturday there have been stirrings in the Parliamentary Labour Party of a kind which, if they had come earlier, might have persuaded Mrs. Shirley Williams and her colleagues that there was still hope for reform from within. Mr. Michael Foot, for instance, has chided Mr. Tony Benn; there is talk of the PLP asserting itself and some trade union leaders are abashed at what they have allowed to happen.

None of that is likely to be enough to make the CSD turn in its tracks. Certainly the idea of seeking to reverse the vote on the method of electing the party leader at the next Labour Conference is regarded as quite inadequate. What Mrs. Williams and her friends really want is a unilateral declaration of independence by the Parliamentary Party and a determination to stand up for itself in the face of conference and the unions. Since that is unlikely to come about, the breakaway is probably on. But it is still worth recording that an attempt to reform the party from within has begun. That could deter some of the fainthearts from flocking to the Gang of Four, Mrs. Williams, Dr. David Owen, Mr. William Rodgers and Mr. Roy Jenkins. It could also have an effect on the CSD's strategy.

What is the strategy so far? It is not very clear. Wembley was the spur. Those who had been thinking about the move for some time admit that they could never have imagined already having 11 MPs. It was the awfulness of Wembley and the refusal of the Healeys and the Hattersleys to stand up that did it. So the moment was seized. Ask, however, what happens next and you will receive a variety of answers.

The first list of those who have agreed to support the CSD should be published next week, but there is still uncertainty about how it should be done. There is a reluctance simply to issue a list of "the great and the good." There is also a desire to eliminate "nuts." But how do you do it when you have no organisation, very little money, no premises—not even the two rooms over a sweet shop which is the present ambition—and when there is an apparent determination that all decisions *should be taken by the collective leadership of the Gang of Four*? It is difficult enough to get the Gang together in the same place, let alone to run a party.

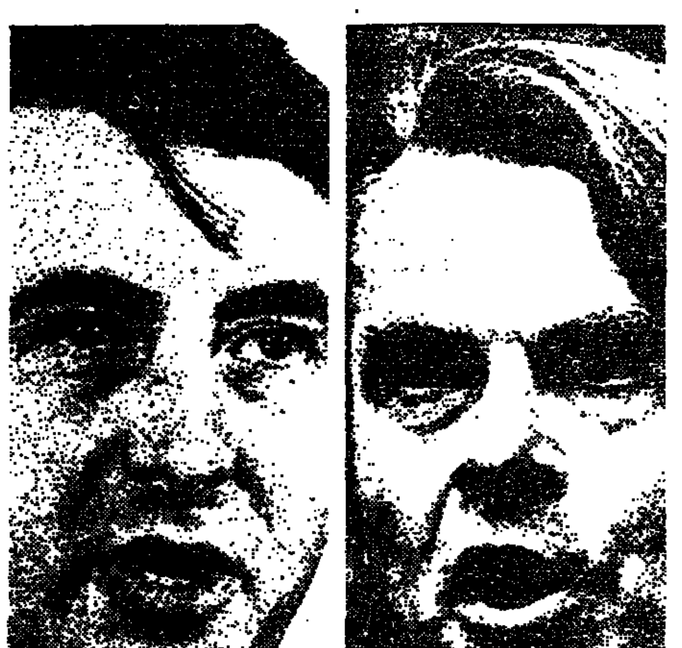
As a matter of fact, the money is already coming in, mostly in small sums—a pound from a pensioner and that sort of thing. But the cheques have to be banked and the letters, now in their thousands, answered. My own guess is that, such is the pressure of events, major organisational decisions will have to be taken soon.

There is another problem about timing. It was Mrs. Williams who insisted that the decisive move to a breakaway should not be made until after the local elections in May. Some of the 11 MPs supported her in that they wanted time to think and to talk to their constituency organisations. Yet there is now considerable pressure to move earlier. The Labour Party is almost bound to do well in the local elections, and probably the Liberals as well. That would be a strange time to move, just when the existing opposition parties had established that they were on the upswing. Besides, some of the fainthearts might argue that it would be better, having waited so long, to wait a little longer for the next Labour Conference. But the main point is simply momentum. Expectations have been aroused. Not to move fast would be to risk anti-climax.

The Rubicon would be the breakaway in Parliament. At some stage the 11 MPs would have to apply for permission to sit as a separate group. There is already pressure from some of them that this should be done before the Easter recess.

That brings us to the next question: relations with the Liberals. The CSD MPs are *already on par with Liberal representation* in the House of Commons—11 each. Together they would be a sizeable formation. Yet there is more than one view, both within the CSD and within the Liberal Party, about how relations should proceed. It would be wrong to assume that talks are very advanced.

To start with, there is a striking difference between the Labour adherents who are MPs and those who are not. None of the 11 Parliamentary supporters are remotely threatened by the Liberals in their constituencies. At the last general election it was the Conservatives who came second in every case. These MPs, then, have given very little thought to the idea of a Lib-Lab alliance. Their enemies are the Labour Party, such as it has become, and perhaps the Tories. (They would certainly hope to pick up some former Tory votes).



Mr. David Steel and Dr. David Owen: two Davids against the Goliaths of Left and Right?

The talks with the Liberals have been left to Mr. Jenkins, who has had prolonged discussions with Mr. David Steel, the Liberal leader, and at a slightly lower level to Dr. David Marquand and Mr. Dick Taverne, both of them former Labour MPs who have long advocated a new party. At some stage, though probably not before the break in Parliament, these two wings of the CSD will have to get together to decide an agreed approach.

They should not expect a united response from the Liberal camp. The point about Mr. Steel's party political broadcast on Wednesday was that he was appealing mainly to his own supporters to stay with him now that political realignment is becoming a possibility. Mr. Steel is a natural social democrat. Indeed, one quite plausible outline of the future is that the Gang of Four will eventually become the Gang of Five with Mr. Steel as the new member. His problem is whether he can take the Liberal Party with him.

The betting must be that he cannot, at least not all of it. The Liberals are a very mixed bag. Some of them are aghast at the prospect of power within their grasp. Many of them, especially those outside Parliament, regard themselves as infinitely more radical than the Gang of Four whom they tend to see as another branch of the establishment. There is also an understandable view that the Liberals, having fought for so long on their own, should not make way for a bunch of defectors from the Labour Party.

Those are problems which Mr. Steel has to face. He has a great deal to offer: an organisation which in parts of the country is extremely effective, over 1,000 *Liberal councillors and a Liberal* vote that, according to the opinion polls, nowadays rarely drops below 15 per cent and is at times rather higher. The question remains whether he can deliver.

Yet if Mr. Steel wants a pact, he too needs to move fast. It would be better to get in before too many prospective Liberal parliamentary candidates are selected for the next general election. The number already chosen is about 170 and the pace of selection is accelerating. Not all of them would take kindly to being told to stand down in favour of the Social Democrats. Sometime there will have to be a CSD-Liberal meeting about political geography. Which are the constituencies where it would be mutually helpful for the Liberals to stay out in favour of the new party and vice versa? (The issue may be further complicated by the boundary changes which should be in place by the time the election occurs.)

There remains the matter of policy. The CSD has made a start this week with the publication of Dr. Owen's new book *Face the Future**. One particular strand in it that must appeal to the Liberals is the stress on the need for decentralisation.

It is hard not to be impressed by the breadth, if not the depth, of the subjects covered. Yet the book is also a compendium of all social democrat, indeed almost of all fashionable, political ideas from the last few decades. It is short on analysis of why equally intelligent and equally well-meaning people, including the Gang of Four, who had the ideas before, have proved so incapable of putting them into practice.

It is also worth noting that there is nothing in the book which could not be adopted by a reformed Labour Party, by the present Liberal Party or even by large sections of the Conservative Party. At times, Dr. Owen's admiration for the way the Tories approached the last election is unconcealed; there are even indirect tributes to the "radicalism" of Sir Keith Joseph, who would have no objection to the theme of decentralisation.

The book's attraction is that of the mythical Centre Party over the years. It is against the "yo-yo" approach to politics: *nationalisation followed by denationalisation*, incomes policy followed by free-for-all, and so on. It may be that, as the utterly hypothetical opinion polls have been suggesting in the last few days, people do want an end to all that and that they see a new party, perhaps in alliance with the Liberals, as the means. It may be also, however, that it is all a pious hope. At any rate the bargaining between the CSD and the Liberals has yet to begin. A key point is whether they want an electoral alliance or a marriage of philosophies. As yet, no one has defined the question, let alone found the answer.

There is one final consideration. It is often said that Britain has a two-party system. Historically, that view is quite wrong. There have been frequent breakaways and changes of allegiance over the decades. The Liberals have split and declined. The Labour Party has arisen and the Tories have had their Peelites and, later their protectionist wing.

Despite the first-past-the-post electoral system we have coalition politics even today. Mrs. Thatcher's Cabinet is a coalition. The Labour Party has always been a coalition between what in France or Italy, which have different electoral systems, are known as the Communist and Socialist Parties. Even today's Liberal Party is a coalition *between free-traders*, semi-anarchists and Mr. Steel's Social Democrats.

What is happening is that the coalitions are becoming restless. Parts of them are looking for new and perhaps more natural alignments. Pandora's box has been opened. A great deal of what happens next will depend on the fate of the British economy over the next year or so, and possibly on unforeseen by-elections. The one development that I would not like to see ruled out would be an alliance between the new Social Democrat Party and the social democrats who will remain in the Labour Party. But at the moment they are heading for fratricide with a triple "X" certificate.

* *Jonathan Cape, £12.50*

Malcolm Rutherford

The Financial Times will be publishing a series of articles on the theme of political re-alignment over the next few weeks.

Letters to the Editor

Incentives to invest

From Professor D. R. Myddelton

Sir,—The Chancellor of the Exchequer is supposed to be trying to frame a budget which will reduce *discouragement* to profitable enterprise. He ought to compare marginal income tax rates on investment income in the current year, in terms of constant purchasing power, with those applying in 1950/51.

Over four fifths of the entire range of investment incomes up to £50,000 a year (in January 1981 pounds) are subject to higher marginal tax rates in 1980/81 than the corresponding rates in 1950/51. Is it too much to expect a government which favours enterprise to reduce rates of tax on investment income to the levels of the Crippsian golden age for taxpayers?

No doubt it would be too optimistic to hope for an even larger reduction to restore the pre-war 1937/38 levels of tax in real terms. The income level (£27,750) at which the top 1980/81 tax rate of 75 per cent is reached was subject in 1937/38 only to the then standard rate of 25 per cent.

Reductions in the higher rates of tax on investment income would cost virtually no revenue. Everyone knows that such punitive tax rates are weapons of socialism, not meant to yield tax revenue. They are intended to hurt the rich, not to help the poor. What a pity that trying to hurt the rich has incidentally also done so much damage to the interests of the poor.

D. R. Myddelton,
Professor of Finance and Accounting.
Cranfield School of Management, Cranfield, Bedford

Mopping up liquidity

From Mr. J. M. Brew

Sir,—Your Lex column today (January 26) draws attention to the effort now being made to mop up liquidity in the personal sector. The authorities may be motivated by a simple desire to find a new outlet so that they can borrow even more money. Or they may be engaged in a more fundamental policy shift towards borrowing money from lenders who might otherwise have put the money straight into consumption. Whatever the true motivation it is clear that the hunt is on for new borrowing instruments.

I have a proposal which I believe would be highly effective, popular with the savers, and which would meet a genuine need. And there is another persuasive argument in its favour, namely that it is actively discouraged by the authorities at the moment. It cannot have escaped your readers' notice that very often activities which are frowned upon and discouraged by governments are later seen as nationally beneficial.

I propose that we should all be allowed to pay our gas and electricity bills in advance, at today's ruling prices. We should be lending money to the nationalised industries, and thus indirectly to the Government, at a zero rate of return. But the security would be good, and the investment objective — to secure the heating of one's home for some time ahead — would be high on many people's list of priorities. And the response would be enthusiastic.

The scheme would be easy to administer. Normally speaking one would sell the "credits" when one left the house, but it would be possible to arrange a transfer to a new property. Sales of electricity will, in total, be worth over £6bn in 1981/2, and sales of gas about half that. So the potential for borrowing is quite large; and if the scheme worked, advance sales of coal could also be considered.

The bureaucrats will be quick to point out difficulties. The interests of the Treasury and the Electricity Council may appear to be divergent, but I hope that the scheme could be looked at from the point of view of the public sector as a whole. The very "lumpy" increases in charges to which we have all become accustomed might cause problems, but they would be problems which British Rail has had with season tickets for many years, and I cannot believe they are insoluble.

Most manufacturers are only too pleased to have customers willing to pay now for goods they will not receive until some future date. I cannot see why our nationalised energy producers should argue differently.

J. M. Brew.
59, Gresham Street, EC2.

Estimates of coal reserves

From the Director-General of Mining, National Coal Board

Sir,—Your correspondents, Dr. W. P. S. Tan (January 13) and Mr. D. C. Ion (January 10), have cast doubts upon the National Coal Board's figure of 45bn tons for this country's coal reserves.

The confusion seems to arise from some misunderstanding of the three classifications of reserves which are used by the NCB. First, there is the amount of coal which is in place in seams of over 60 cm in thickness and less than 1,200 metres deep. The NCB have estimated this as 190bn tonnes. It is not, as Dr. Tan states, "most(ly) . . . in abandoned mines . . ." but largely underlies our active and developing coalfields. Second, by using the rules of the World Energy Conference (see 1796 WEC Survey Report), the NCB have estimated the National Coal Reserves as 45bn tons. Third, the reserves associated with the present working areas of operating or developing collieries is currently some 7bn tonnes: this figure is reviewed annually and is based on detailed exploration.

In all public statements, the NCB distinguish between these last two kinds of reserves by referring to the 45bn tons as the industry's technically recoverable reserves and the 7bn tonnes as the industry's current operating reserves. Mr. Ion does not seem to be aware that a coal industry's operating reserves are not the same as the national coal reserves. The former are fully explored whilst the latter are estimates on the basis of firm geological evidence. It is our policy at any one time to explore fully 50 years of annual production; hence the operating reserves only vary slightly from year to year. To explore more would, in our opinion, unnecessarily add to costs.

From both long experience of the nature of the coalmining process and as I have been responsible for our intensive exploration programme since 1973, I can confirm that we know sufficient about both the mining engineering and the geology of British coalfields to support these estimates.

Finally, I must point out that, contrary to Dr. Tan's assertion, the "dissident" geologists were not former employees of the National Coal Board.

R. B. Dunn.
Hobart House,
Grosvenor Place, SW1.

Supervision of directors

From the Secretary General, Anglo-German Foundation for the Study of Industrial Society

Sir,—We do indeed need to look more closely at the way in which British company directors are accountable for performance, as Mr. Hugh Parker suggests (January 23).

One of the reasons—perhaps the main reason—why some of us would like to see a proper examination of the "two board" system is that it provides for a supervising body to represent the shareholders and the main function of which is to make sure that the Management Board is getting results. Meanwhile the Management Board can get on with running the company, in the knowledge that it is unlikely to suffer from interference on matters of detail but that the heavens may fall in if the results are not forthcoming.

The case against such an arrangement being suitable for Britain has not yet been argued. In fact in his advocacy of the separation of the concept of "direction" from the concept of "management" the Director General of the Institute of Directors is really supporting it.

Peter McGregor.
St. Stephen's House,
Victoria Embankment,
S.W.1.

The education of engineers

From the Secretary, The Institution of Mechanical Engineers

Sir,—Your leader headed "The Future of Engineering" (January 22) offers yet another round of criticism (albeit gentle in this instance) of the Chartered Engineering Institutions. It is the latest of a long series of attacks in the Press, written by individuals who can have had little, if any, direct contact with the Institutions and no knowledge of their standards or activities. In this they are following the pattern set by the Finniston Committee itself which, although charged to report on the engineering profession, never once visited a single Institution to investigate its standards of admission to the Chartered Engineer register or its accreditation methods — an incredible omission.

You write, Sir, of the need to reform the traditional methods of education and training of engineers, but have you any idea of what requirements must be satisfied before the CEng title is granted?. Are you familiar with the far-reaching changes that have been made in the education and training patterns in the past 20 years, or with the developments that are now taking place? Had you been aware of the facts, I am sure that your editorial, if written at all, would have taken a quite different tone.

In brief outline, a Chartered Engineer admitted today would have a validated University or CNAA degree, a minimum of two years' formal practical training, plus a period of post-training experience leading to a position of professional respon*sibility which he or she would* have held for two years or more. This would be followed by a rigorous personal evaluation involving consultation with his superiors and further written and viva tests. The end result is a capable, well-rounded engineer—small wonder that the young CEng is highly valued in other countries.

Your reference to "traditional methods of training" ignores the fact that both academic and industrial courses have been in a constant state of development for many years; well before the Finniston Committee was set up we were laying the foundations for a more effective integration of the university and industrial tuition which is better than anything Finniston proposed.

Let me remind you that the high standards of professional training that I have outlined and the extensive machinery required to implement them owe their existence entirely to the Engineering Institutions. No Government has at any time in our history contributed a penny to the cost or concerned itself in any way (until Finniston) in the administration of our profession. Where engineering is concerned the Government can only be regarded as amateur; moreover, Government action all too often exacerbates the disorder it is intended to correct. Can you wonder that we are anxious about the capability of a new, untried and Government-appointed council to do better than we have done?

Here I must join with you in paying tribute to the many employers — often Chartered Engineers themselves — who have supported the institutions and contributed in many practical ways to the enhancement of our professional standards. They are the ones who know what the "engineering dimension" is all about. Alas, there are all too many others who, unlike their German, Japanese or American counterparts, think that they can survive in this age of advancing technology without employing fully qualified engineers. They were identified by Finniston as a major cause of our industrial malaise, but having made the correct diagnosis he made the monumental mistake of attempting to apply a remedy to the wrong part of the national body. You, on the other hand, have hit the nail on the head in implying that their "meagre contribution" to training resources makes it difficult for some young engineers to achieve a balanced development. But that does not mean that the formula set by the Institutions is unbalanced; it just means that some employers are too short-sighted to take advantage of a sound and proven formula.

In conclusion, may I put in a general plea for a more objective approach in reporting developments arising from the Finniston proposals? The whole question of industry and its engineering requirements is a complex and difficult one even for those directly engaged in it: daily application of stick to the Institutions may be journalistically enjoyable, but it is unlikely to provide a solution—it does no more than demonstrate misunderstanding of the problem.

Alex McKay.
1, Birdcage Walk, SW1.

Today's Events

GENERAL

UK: Mr. William Whitelaw, Home Secretary, opens £25m pvc plant, Fleetwood.

P. & O. Ferries and unions meet on future of Liverpool/Belfast ferry service. Liverpool

Mr. Godfrey Messervy, Lucas Industries Group chairman, speaks at Institution of Mechanical Engineers automobile division dinner, Europa Hotel, London.

British Gas Corporation and union leaders meet to discuss pay claim.

Mrs. Mary Whitehouse's summons against the director of "The Romans in Britain." Horseferry Road Magistrates Court.

Stravinsky Festival opens, Royal Festival Hall, South Bank, (until March 20).

"Drawing: technique and purpose" exhibition, examples from many artists including Rembrandt, Rubens, Gainsborough and Constable. Victoria and Albert Museum (until April 26).

Overseas: European Coal and Steel Community's consultative committee meets steel industry chiefs and trade union leaders on compulsory cutbacks, Luxembourg.

Motor racing governing body (FISA) discusses compromise proposals in Formula One racing dispute, Monte Carlo

Mr. Zhao Ziyang, Chinese Vice Prime Minister, visits Thailand.

PARLIAMENTARY BUSINESS

Private Members' Bills.

COMPANY MEETINGS

Frederick Cooper, The Goldthorn Hotel, Penn Road, Wolverhampton, 12. Dubilier, Winchester House, 77 London Wall, EC, 12. Fashion and General Investments, Winchester House, 100 Old Broad Street, EC, 12. Northern Foods, Grange Park Hotel, Willerby, Nr. Hull, 12.30. Sotheby Parke Bernet, 34-35 New Bond Street, W, 3. Vaux Breweries, The Seaburn Hotel, Sunderland, 12. John Williams of Cardiff, The Royal Hotel, St. Mary Street, Cardiff, 12.

COMPANY RESULTS

Interim Dividends: John Brown, Longton Industrial Holdings, Wholesale Fittings.

LUNCHTIME MUSIC, London

Organ recital by James Parsons, St. Paul's Cathedral, 12.30 pm.

Recital by Andrew Hambly-Smith (baritone), Guildhall School of Music and Drama, Barbican, EC2, 1.10 pm.

Recital by the Snetzler Duo, St. Andrew-by-the-Wardrobe, Queen Victoria Street, EC4, 1.30 pm.

Racal ahead £3m and looks for record year

TAXABLE profits of Racal Electronics improved from £25.26m to £26.53m in the six months to October 10, 1980, despite the inclusion of losses of over £5m in Decca, which was acquired in April last year.

And although the strength of sterling and high inflation continue to affect margins, the directors say the underlying trend of business remains most encouraging, and they repeat their forecast of record profits for the 26th successive year.

The net interim dividend is being stepped up from 1.05p to 1.15p—last year a total of 4.125p was paid from profits £2m ahead at £63.2m.

The first-half surplus, which included Decca losses of £5.21m (£1.87m), was struck after interest payable less receivable of £7.28m (£3.97m), of which £2.4m (£353,000) was attributable to Racal and £4.88m (£3.62m) to Decca.

At the trading level, Racal's profits increased from £25.62m to £34.14m. Decca showed a turnround from a surplus of £1.75m to a £336,000 loss, with profits from the capital goods side plunging to £873,000 against £4.65m, and consumer goods losses reduced to £1.21m (£2.9m).

The capital goods sector of Decca, which turned in a pre-tax loss of £3.07m, will be profitable after interest charges in the second half of the current year, state the directors.

Group turnover rose from £199.22m to £240.63m in the six months, with Racal contributing £159.98m (£112.92m), Decca capital goods £65.45m (£57.5m) and consumer goods £15.2m (£28.8m).

Tax takes £10.04m (£11.39m) and, after an extraordinary debit of £282,000 (£557,000 credit) and minorities of £225,000 (£83,000) the attributable surplus emerges at £15.98m against £12.48m.

The directors estimate that the impact of the strong pound on overseas sales and earnings, particularly in the U.S., reduced sales by £8.74m and pre-tax profits by £1.32m.

Decca's figures for the first half of 1979/80 include sales of £10.16m and pre-finance losses of £2.27m relating to the records and music publishing businesses, which were sold prior to Racal's acquisition of the group in April last year.

Lex, Back Page

HIGHLIGHTS

Lex looks at the half-time figures from **Racal** which show higher pre-tax profits though the deep problems at **Decca** are proving more intractable than had been anticipated. One of the Bank of England's flock of lame ducks, **Airfix**, which was the subject of a rescue last Autumn has finally crash-landed. Yesterday it was announced the company had finally succumbed to receivership. The Government broker was supplying the short tap yesterday, and it is thought that it *has almost run out.* ***Negretti and Zambra has agreed—and*** so have shareholders **NEB** and **ICFC**—to a £1.45m bid from **Western Scientific**, a company owned by institutions lead by **Electra House**. **Anglo Indonesian** is making a reluctant bid for **Eva**, having bought shares from BAT triggering the 30 per cent level.

Duport shares at all-time low

SHARES IN Duport, a holding company with large steel interests, halved yesterday to an all-time low of 7p. The group has been involved with the British Steel Corporation in discussions about the so called Phoenix project, which aimed to find a joint solution to the massive over-capacity in the industry. The market capitalisation is now under £3m.

Duport has invested heavily in new steel capacity over the last five years, adding over £23m to fixed assets within that period, largely in new carbon billet facilities in Llanelli, South Wales.

The group made profits of £5.56m pre-tax in 1979 but incurred losses of £4.5m in the first six months of 1980.

Losses include reorganisation expenses and the cost of laying off more than 1,600 employees during 1980 leaving it with a total workforce of 6,000, concentrated in South Wales and the West Midlands. Its borrowings *shown in the last balance sheet* amounted to £22.7m compared with shareholders' funds of £67.25m.

Bullough ends year £1.2m down

AS PREDICTED at the interim stage, taxable profits of Bullough slipped in the second six months compared with the first half and the figure for the year to end-October, 1980, came out £1.22m lower at £4.18m. Mid-year profits were down £363,000 at £2.42m.

Sales, however, of this Surrey-based engineering group improved from £47.08m to £49.01m in the 12 months and the total dividend is being maintained at 10.75p net with a same-again final of 6.55p.

For the current year, the directors forecast a profitable but still more difficult first half. They are hopeful, however, of a slightly better second half.

They say while some recovery has been predicted for the economy in late 1981, it is unlikely to have a major effect in the company's financial year.

The surplus for the year was arrived at after charging trading losses of £315,000 on activities which have been sold or closed down and redundancy payments of £151,000 in other group companies.

Tax was up from £1.6m to £1.73m leaving stated earnings per 20p share of 28.1p (43.3p).

Extraordinary debits increased from £68,000 to £555,000, representing closure costs and losses on investment in respect of the companies that have been sold or closed down.

Provision was also included for the anticipated costs of the Newman Granger (Engineering) closure. Low demand from the motor and agricultural machinery industries, particularly in *the second half, led to the* decision to close this company.

Commenting on the results the directors say the year started reasonably but from April recessionary effects at home and the effect of sterling's appreciation led to a general reduction in demand and a tightening of margins.

As the second half progressed a number of companies went on short-time working and redundancies became necessary where it was evident that demand would not recover in the short term.

Kitchen Taylor plunges £1.3m to £0.6m for year

AFTER a £656,000 plunge to £352,000 at the interim stage, **Robert Kitchen Taylor and Company** has finished the year to September 30, 1980 with a pre-tax profit of £633,000 — barely a third of the previous year's £1.9m surplus.

The current year has started slowly, say the directors, but there are now encouraging signs of an improvement. However, they do not expect a return to the buoyancy of recent years *until the economy improves in* general, and pressures on the textile trade in particular are eased.

Turnover of the group, whose activities include knitwear manufacture, textile merchanting and property investment and dealing, fell from £17.02m to £15.4m.

Earnings per 10p share are shown down from 34.7p to 12.6p, but the net dividend is maintained at 10p with a final of 7p.

Difficult conditions in the textile industry persisted in the *second half, state the directors,* and two subsidiaries in particular incurred "sizeable" losses. Remedial action has been taken, they add.

Increasing emphasis is being put on the development of the property interests, and properties are not only being held for rental income but actively traded. The return on the principal investment property in London continues to be satisfactory and ways are being pursued to enhance its value to the group.

After tax of £188,000 (£667,000) and minorities of £13,000 (£29,000), there are extraordinary debits of £279,000 (£150,000), comprising the £315,000 cost of relocation and curtailment of knitwear division activities, less a £36,000 surplus from the disposal of a dormant subsidiary.

Profit after extraordinary items amounted to £158,000 against £1.06m, before distributable reserves brought forward of £1.2m (£494,000).

Dividends absorb £389,000 (£347,000) leaving distributable reserves retained of £973,000 (£1.2m).

Group reserves at the year end were £4.96m compared with £5.23m.

● comment

Robert Kitchen Taylor was counting on the autumn trade in clothing to push second half profits well ahead of the disappointing first half result. Unfortunately, knitwear orders disappeared and two subsidiaries finished in loss, causing £0.3m in relocation and closure costs and dragging down group profit to about one-third of last year's figure. The dividend, which was raised more than sixfold last year, has been maintained even though the group has to dig into reserves for nearly £½m to pay it. Textile manufacturing is still difficult and any momentum in the current year will probably come from the property side. The yield is 11.8 per cent at 128p.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Allied Textile	4.42	Apr. 4	4.42	7.24	7.24
Asprey ....int.	75	Jan. 29	12	—‡	25
Bullough	6.55	Mar. 26	6.55	10.75	10.75
Denbyware ....int.	1	Apr. 1	2.11	—	4.11
Edinburgh American	0.8	Apr. 16	0.7	0.8	0.7
Evode Hldgs.	1.19	—	0.98	1.68	1.4
Garford-Lilley ....int.	0.25	Mar. 18	0.25	—	1.15
Hill and Smith	2.5	Mar. 30	2.27*	3.5	3.18*
Home Farm Prods. ...int.	1.15	—	nil	—	1.75
IoM Steam Packet	12	—	15§	12	15§
Kellock Trust	0.5	Apr. 6	—	—	—
R. Kitchen Taylor	7	Mar. 31	7	10	10
Lonsdale Univ.	nil	—	3.5	1.85	5.17
Lynton Hldgs. ....int.	1.5‖	—	1.2	—	3.1
Macarthys Pharm. ...int.	2	Apr. 6	2	—	6.5
Racal ....int.	1.15	Mar. 2	1.05	—	4.13
Renison ....int.	17.5¶	Apr. 9	26.09	—	58.69
Textured Jersey ......int.	1.75	Apr. 1	1.5	—	4.5
A. J. Worthington	0.41	Mar. 31	0.41	—	1

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ Final of £1 forecast. § Includes anniversary bonus of 4p. ¶ Australian cents. ‖ To reduce disparity.

Portsmouth Newspapers down so far

TAXABLE profits of Portsmouth and Sunderland Newspapers fell from £3.13m to £2.35m in the 39 weeks to December 27, 1980, despite a rise in turnover of over £2m to £16.24m.

As already announced, a loss estimated at £500,000 as a result of a printing dispute affected profits in the first quarter of the current year.

For the 1979-80 year, this London-based newspaper proprietor and publisher reported pre-tax profits of £3.99m.

Tax for the 39 weeks took £1.19m (£1.59m) leaving a net balance of £1.16m (£1.53m) and stated earnings per 25p share of 9.6p (12.7p).

The pre-tax surplus included income from investments of £193,000 (£118,000) and interest on short-term deposits of £348,000 (£270,000).

On a CCA basis, the historical profit before tax for the 39 weeks is reduced to £1.25m (£2.32m).

IoM Steam Packet falls to £0.8m

A FALL from £1.24m to £794,392 in pre-tax profits is reported by **Isle of Man Steam Packet Company** for 1980, after depreciation up from £461,238 to £473,322.

The dividend per £1 stock unit is 12p compared with 15p, which included an anniversary bonus of 4p.

Tax for the year was down from £169,000 to £116,000, leaving net profits lower at £678,392 (£1.08m).

FNFC ACCOUNTS QUALIFIED

The annual accounts of **First National Finance Corporation** have again been qualified in respect of the Support Group's right to demand repayment of the £226m facilities at seven days' notice. Auditors Touche Ross and Company say the withdrawal of such facilities would make a going concern basis inapplicable and further substantial unprovided losses may be suffered.

Subject to the uncertainty in regard to this, the accounts—prepared under the historical cost convention—give a true and fair view of the state of affairs of the company, they say.

Results for the year to October 31, 1980 were published on January 9, 1981. Meeting, Winchester House, EC, February 24, at 2.30 p.m.

SPAIN

January 29	Price %	+ or —
Banco Bilbao	288	
Banco Central	310	+3
Banco Exterior	248	
Banco Hispano	256	−1
Banco Ind. Cat.	122	
Banco Madrid	141	
Banco Santander	315	+1
Banco Urquijo	155	+3
Banco Vizcaya	283	
Banco Zaragoza	218	
Dragados	109	
Espanola Zinc	46	
Fecsa	57.2	−0.5
Gal. Preciados	28	−1
Hidrola	64.7	
Iberduero	59.5	+0.8
Petroleos	90.7	−0.7
Petroliber	75	
Sogefisa	102	
Telefonica	60.5	+0.5
Union Elect.	62.7	

REPORTS TO MEETINGS

Bankers agree on continued support for Thomas Borthwick

THE BANKS have agreed in principle to continue their financial support for **Thomas Borthwick and Sons**, Britain's largest international meat trader which plunged into losses of £10.5m in 1979-80. Arrangements have been completed within the past 24 hours.

Announcing this at yesterday's annual meeting Dr. Bill Bullen, who is retiring from the board at the end of this week, said that although details of the deal with the banks have yet to be completed, the loan plan includes additional facilities to cover the peak requirements in New Zealand during the main killing season.

The chairman told shareholders that towards the end of the current year, the board would be putting to the company's bankers further proposals for a longer-term restructuring of borrowings.

The group's accounts for 1979-80 had been qualified by the auditors Deloitte Haskins & Sells, who said that subject to the successful negotiation of adequate borrowing facilities, the accounts had been prepared on a going concern basis.

In reply to a question from the chairman, the auditors said at the meeting that had the present information been available at the time of the audit it would not have been necessary to have qualified the accounts in that way.

Commenting on the group's trading, Dr. Bullen said that at the end of the first quarter of 1980/81 losses had been stemmed and many of planned structural changes implemented. But he said that it was difficult to predict the effects of events such as the UK seamen's strike and the Iran/Iraq war which so far has not had a noticeable effect on trade *with those countries.*

Referring to the U.S. market, the chairman said that conditions there were not showing the big movements which gave the company its main problems last year. However, the market was still unsettled but the company's stock position was being kept at low levels to minimise risk.

The group has taken steps to increase the proportion of forward sold meat, and the chairman said that at the end of December 52 per cent of the group's total beef stocks around the world was already sold compared with a figure of around 30 per cent shown in previous years.

The chairman also reported that group stocks of meat and by-products at the end of December had come down from £48m a year earlier to £28m.

On the retail side, Dr. Bullen said that results for the first quarter were well up to best expectations. Midland Cattle Products had a profitable quarter, significantly better than last year. In the manufacturing sector, however, the sale of the loss-making Freshbake division had not yet been achieved as hoped.

After his statement to the packed meeting, Dr. Bullen faced persistent questioning for almost an hour. There was some direct criticism of the Board but most of the questions raised related to the company's past year meat trading policy which caused all *the trouble.*

One shareholder pointed to the fact that the company's payment to the Conservative Party was half the amount the company paid its shareholders in 1979/80. Dr. Bullen said that the payment was made before the year's difficult trading developed. Had the company known, the payment would not have been made

Questioned on the Coopers and Lybrand report on the company, the chairman said that they had made a substantial report with a number of sensible recommendations.

Mr. Richard Wheeler-Bennett the present deputy chairman who takes over from Dr. Bullen, said later that seasonal borrowing of some £10m in New Zealand has been added to the group's bank and short-term debt, which stood around £84m at the year-end.

He said the enlarged borrowing facilities are included in the credit extension with about 30 banks announced earlier at the meeting.

He said it is too soon to forecast the results for 1980/81, but last year's loss is not expected to be repeated.

Associated Engineering warning

Associated Engineering, the vehicle and engine component manufacturer which saw profits fall from £19m to £7.8m in 1979/80, yesterday warned of only marginal profits for the first half of the current year.

The company has already said that interim profits would be low but at yesterday's annual meeting Mr. John Ferguson, chairman, told shareholders that there was little sign of any upturn and profits for the first half of the year would be marginal.

He said that any improvement would depend upon an increase in activity, both in the UK and the world generally.

Mr. Ferguson said that action had been taken to reduce overheads and the company would be in a good position to respond when the economy improves.

Replying to a question about the company's share of the re-ordering programme by the large airlines, a director said that the company did not do a lot of *business with them but that it* was growing.

Trading results of **Ranks Hovis McDougall**, the flour, foods and bakery group, were currently at a similar level of those of last year, retiring chairman Mr. Joseph Rank said.

"Against the background of current economic uncertainty I feel it would not be sensible to try to forecast our profits for the full year," he added.

On January 31 Mr. Rank will give up the chairmanship and become president.

Mr. D. J. Ewart, chairman of **Ransome Hoffmann Pollard**, said the year had not had an easy start and there had been a significant fall in UK deliveries in the first quarter, reflecting severe de-stocking.

On the bearings side, agreement was reached, following the *announcement* in November to close the factory in the North East, and production would cease by the end of March. The task of relocating the products concerned was now well under way, while at the same time stocks are being run down. Short-time working and some further redundancies were proving necessary at the other factories. The results of the bearing activities would inevitably be very poor in the first half of the year, but the re-organisation was improving the underlying strength of the company, and he looked for a sustained trend of improvement in the second six months when the problems had been overcome.

Home Farm Products level

ON TURNOVER of £7.12m compared with £5.15m, pre-tax profits of **Home Farm Products** were £386,000 against £394,000 for the half-year to November 29, 1980.

The interim dividend will be 1.15p. Last year the company, *which was made public in May,* paid a single dividend of 1.75p from pre-tax profits of £702,567.

The group's main activity is bacon and pork processing.

Allied Textiles slips to £3.1m but trading profits stay level

ON TURNOVER slightly lower at £29.63m against £30.63m, pre-tax profits of **Allied Textile Companies** retreated from £3.25m to £3.07m for the year to September 30, 1980.

Trading profits were virtually unchanged at £2.93m, but exceptional income was only £144,198 compared with £314,593. At the half-way stage, pre-tax profits were down from £1.5m to £1.27m.

The final dividend is maintained at 4.42p net, making 7.24p (same).

The directors say that trading conditions deteriorated through the year but, taking this into account, the results are possibly the group's most creditable performance since its formation. The group is involved in the manufacture, processing and distribution of textile products.

The proportion of export business increased over the year from £8.7m to £9.6m but the strength of the pound is making it difficult to secure profitable export business, particularly in some of the group's important markets such as West Germany and Japan, the directors add.

Costs of the group's continuing mill closures and reorganisation programme were £480,670 (£373,102). The directors point out that because of the erosion of major parts of the UK textile industry only essential expansion and re-equipping will be carried out. There are no proposals for major capital expenditure in the current year.

All the group's divisions contributed to profits.

The directors say "the constraints arising from an industry in deep recession make it essential to review operational policy continually. This we shall do, and it will be the Board's continuing resolve to identify and re-shape potentially weak situations."

They add that they do not believe the recession has bottomed out, and they have no evidence of a general improvement.

The tax charge for the year was £1.45m (£1.34m), leaving earnings per 25p share of 21.5p (25.5p) before extraordinary items.

The attributable net profits came out at £1.15m (£1.54m). The total dividend payment absorbed £542,587 (same), leaving retained profits of £605,042 (£994,973).

Shareholders' funds at year end were £11.7m (£11.03m), and bank and cash balances £1.04m (£1.35m).

● comment

ATC shares put on 11p yesterday, reaching 127p, when the preliminary results showed pre-tax profits down by less than 6 per cent and a maintained final dividend. The programme of retrenchment is accelerating, with strong and increasing positive cash flow; the quality of the continuing business is brought above the previous average and, as it rises, ATC's return on sales goes on improving. This is the third year of *higher returns. Trading in the* current year is not displeasing, so far: most of the manufacturing capacity is well occupied. But the textiles trade has become very opportunistic: factories are kept working by one-off deals, not by long order books, so forecasts do not extend far into the future. The shares yield 8.4 per cent, while the fully-taxed p/e is 6.2.

Asprey 'takes heart' after upheavals bring setback

HAD IT not been for the costs of integrating and rationalising the Algernon Asprey Group of companies, Asprey and Company says earnings would have shown a significant improvement on those actually achieved.

Pre-tax profits of £784,000 are reported for the six months to September 30, 1980 from turnover of £6.17m. The interim dividend will be 75p per share as forecast, and the Board expects to recommend a final of £1, again as forecast.

Asprey, the Bond Street, London jeweller which beat off a bid by Alfred Dunhill/Logida last May, did not issue formal accounts for the half-year to September 30, 1979, but the comparatives for that period—turnover was £5.4m and pre-tax profit £787,000—include actual turnover, gross profit based thereon, and overheads apportioned on an annual basis. And they exclude figures of the Algernon Asprey Group which was acquired after that date.

Commenting on the costs of the Algernon Asprey operation, Mr. John Asprey, the chairman, says the Board is considerably heartened by the interim results and furthermore, present indications for the outcome of trading for the second half-year, historically the more profitable period, are encouraging.

There was a tax charge of £300,000 (£145,000) in the first half, and after a credit of £49,000 (£202,000 debit) on exchange differences and an extraordinary debit of £60,000 (nil), attributable profit came out at £473,000 (£440,000).

Stated earnings per 25p share of this "close" company are up from 108.5p to 131.75p.

The extraordinary item represents the costs incurred, less tax, in connection with the company's reorganisation, financial advice and in defence of the Dunhill/Logida bid. The cost of establishing the Asprey and Company Employees' Benefit Fund, £178,500, has been deducted from retained reserves.

LONDON TRADED OPTIONS

(Jan. 29 Total contracts 804)

Option	Ex'rcise price	April Closing offer	April Vol.	July Closing offer	July Vol.	Oct. Closing offer	Oct. Vol.	Equity close
BP	390	36	3	54	—	66	—	408p
BP	420	21	1	40	—	54	1	"
Com. Union	140	13	1	16	—	20	—	146p
Com. Union	160	4	—	7	2	10	—	"
Cons. Gold	460	28	1	45	—	55	1	446p
Cons. Gold	488	17	13	—	—	—	—	"
Cons. Gold	550	—	—	13	—	18	17	"
Courtaulds	50	7	4	10½	—	12	32	51p
Courtaulds	60	3	30	6	—	7½	5	"
Courtaulds	70	1	3	3	10	—	—	"
GEC	460	150	10	—	—	—	—	603p
GEC	600	40	55	68	—	88	—	"
GEC	650	18	—	40	5	—	—	"
Grand Met.	140	24	25	31	2	33	—	162p
Grand Met.	160	8	—	15	15	19	—	"
ICI	280	26	—	38	—	52	2	290p
ICI	300	15	—	26	—	35	10	"
ICI	330	7	—	16	1	—	—	"
ICI	360	2½	—	8	1	—	—	"
Land Sec.	360	38	5	49	—	61	—	385p
Land Sec.	390	18	3	29	—	42	—	"
Land Sec.	420	8	5	17	—	—	—	"
Marks & Sp.	120	8	—	13	5	16½	—	118p
Totals			159		41		67	
		February		**May**		**August**		
Imperial Gp.	80	2½	—	4½	8	5½	8	78p
Lasmo	700	12	2	64	—	84	—	669p
Lasmo	750	3	3	35	—	60	—	"
Lasmo	800	1	—	20	—	42	5	"
Lonrho	90	—	—	15	—	19	50	95p
Lonrho	94	6	7	—	—	—	—	"
Lonrho	100	—	—	8½	39	12½	5	"
Lonrho	104	3	31	—	—	—	—	"
Lonhro	110	—	—	5	9	7	60	"
Lonhro	114	¾	10	—	—	—	—	"
Lonhro	130	½	—	2	—	3½	10	"
P. & O.	110	9	10	17	—	19	—	117p
Racal Elec.	300	16	151	39	—	52	—	313p
Racal Elec.	330	4	25	25	—	23	—	"
Racal Elec.	360	1	78	12	25	24	—	"
RTZ	454	1	—	8	1	—	—	380p
Totals			317		82		138	

UK COMPANY NEWS

Redundancy and interest costs hit Denbyware

WITH redundancy costs climbing from £10,000 to £245,000 and interest charges £77,000 higher at £296,000, Denbyware, pottery manufacturer, reports a pre-tax loss of £48,000 for the six months to September 27, 1980. There was a profit of £84,000 last time.

The pre-tax figure also includes associates' profits of £291,000 (£109,000).

The interim dividend is more than halved at 1p (2.1125p)—last year's total was 4.1125p from pre-tax profits of £604,000. There is a loss per 25p share of 0.67p (0,65p)

The board does not anticipate a repetition of the redundancy costs, but thinks that the increase in profits before interest and redundancy payments—£202,000 (£184,000)—is encouraging. It says the recession is badly affecting sales in spite of the fact that newer patterns are selling well.

Much effort is being devoted to new product development, says the board, and because of this, once the recession shows some sign of easing, the company will be in a position to move ahead.

The Canadian subsidiary continues to improve its performand and will finish the year in profit. In the U.S., while the company does not expect to make a profit for the year, the overall level of loss has been significantly reduced, which indicates that the heavy cost and effort of re-organisation is beginning to pay off.

Nevertheless, the company's biggest single market is the UK and until the situation does improve, the board says it would be wrong to expect significant advances.

The cash situation, as a result, needs very careful control and this is the reason given for the reduced dividend. Once the situation begins to get better the re-establishment of an adequate dividend will be a major priority.

● comment

Redundancy costs aside Denbyware was trading in the red at the interim stage after interest charges. The interim dividend, although halved, has been saved by the more than doubled contribution—and anticipated increased dividend—from the 50 per cent owned U.S. aerospace associate, International Ceramics. Tableware sales are hard to come by reduced turnover figure shows, but trading margins have been raised slightly because of loss elimination in Canada, loss reduction in the U.S. and cost-cutting in the UK. The shares seem to be propped up by the 29.8 per cent holding of Crown House as the fully taxed earnings per share this year may not be much more than 3p. But Crown has been sitting on its stake for nearly a year and a half.

Record year for Hill and Smith

AS EXPECTED, profits of Hill and Smith rose to a new peak in the 12 months to September 30, 1980, the pre-tax figure coming through at £1.13m, compared with £880,138.

Sales of this West Midlands group, whose principal activities include steel stockholding, general steel fabrications and drop forgings, improved during the period by over £2m to £18.42m.

At mid-year, with profits ahead at £515,872 (£309,987), the directors anticipated a good second half and record full-year results.

The directors say that the recession affected steel stockholding and forging during the final quarter and low levels of demand have continued in the current year to date. Profits for the first half will be at a reduced level, with any significant improvement in the second half being dependent on an anticipated recovery in the general level of demand.

The total dividend is being increased from an equivalent 3.18p to 3.5p net with a final of 2.5p. A one-for-ten scrip issue is also proposed.

After all charges, including tax of £500,723 (nil), the net balance showed a fall from £880,138 to £631,448. The tax charge included £234,000 in respect of the year ending September 30, 1977.

Macarthys Pharms. rises to £2.3m at midterm

WITH trading conditions varying considerably between different areas of the business, external sales of Macarthys Pharmaceuticals, wholesale and retail chemist, expanded from £70.7m to £89.25m, and pre-tax profits rose to £2.27m for the half-year ended October 31, 1980, compared with £1.61m.

The directors say that business since October 31 continues to show much the same pattern and they consider that, with probable overhead increases, profits for the second half will be a little lower than those of the first — surplus for the 1979/80 year was £3.15m (£3.78m).

Mr. A. R. Ritchie, the chairman, says that the current recession has reduced consumer expenditure, affecting retail sales through the group's pharmacies. And, although there has been reluctance on the part of those involved in livestock management to undertake capital expenditure, sales of animal medicines by the veterinary companies "have been generally satisfactory."

He says the directors consider that the group's share of the market in hospital consumable products has been well maintained, despite cut-backs in hospital budgets having reduced the demand for surgical instruments and equipment.

Mr. Ritchie states that the pharmaceutical manufacturing company achieved good sales increases, based on production facilities now in full operation, "and a much-improved profit picture for the period has emerged."

The demand for prescription medicines, from hospitals and retail pharmacies, was quite buoyant during the six months, which enabled the group's pharmaceutical distribution division to increase turnover and profits by 29 per cent and 56 per cent respectively.

	Six months 1980 £000	1979 £000
Sales	89,245	70,702
Pharm. manufac.	2,092	1,550
Pharm. distrib.	69,861	54,103
Surgical	6,905	6,372
Retailing	9,958	8,072
Veterinary	6,197	4,905
Inter-div. sales	5,678	4,301
Trading profits	2,815	2,063
Pharm. manufac.	110	165
Pharm. distrib.	1,993	1,277
Surgical	209	265
Retailing	305	220
Veterinary	198	245
Management costs	252	247
Staff bonus	296	209
Pre-tax profit	2,268	1,607
Tax	670	837
Pref. divs.	14	14
Available	1,584	756
† Loss.		

Pre-tax surplus was struck after management costs of £252,000 (£247,000) and staff bonus £296,000 (£209,000), and was subject to tax of £670,000 against £837,000.

Earnings per share are shown to be well up from 6.6p to 12p and the interim dividend is unchanged at 2p net—last year's final payment was 4.5p. After preference dividends of £14,000 (same) the available balance was £1.58m (£756,000).

Profit margins improved from 2.3 per cent to 2.5 per cent.

● comment

Macarthys Pharmaceuticals has made a good recovery from the bout of competitive pricing which cut deeply into its profits last year. Margins in distribution have moved very little, but a sales increase of 29 per cent improved the return on capital in that part of the company by 56 per cent. Manufacturing is a relatively small part of Macarthys' business which is doing much better than last year, and could make £200,000 in the full year. Otherwise, the consumer recession has made itself felt in the chemists' shops and the veterinary side has suffered from falling capital expenditure in livestock management. Even a slightly muted second half should allow profits to reach £4m. The shares rose 9p yesterday, to 136p where a maintained final would yield just under 7 per cent. The prospective fully-taxed p/e is 9.3, perhaps slightly expensive given the long-run vulnerability of the earnings to renewed competition in a contracting market.

Textured Jersey improves

ON TURNOVER up from £4.62m to £5.78m, taxable profits of Textured Jersey, manufacturer of jersey knitted fabric, improved to £411,000 for the half-year ended October 31, 1980, compared with £343,000.

The group's liquid position remains excellent, the directors state, and despite the probable difficult trading conditions during the current year, they believe the company will continue to make progress in the months ahead.

Profits for the whole of the 1979/80 year were £835,000 (£673,000).

The net interim dividend is increased from 1.5p to 1.75p per 10p share—last year's final payment was 3p.

Surplus for the six months included £62,000 (£22,000) investment income, but was struck after depreciation of £136,000, against £120,000, and interest amounting to £3,000 (£4,000).

Tax takes £103,000 (£122,000) and the balance retained came through at £234,000 compared with £155,000.

Evode finishes £0.46m ahead

WITH VIRTUALLY all of the increase coming in the first half, Evode Holdings, adhesives, jointing compounds manufacturer, finished the September 27, 1980 year ahead from £1.61m to £2.07m, on turnover of £32.47m against £29.04m.

At midway, profits had risen to £752,417 (£322,311) but the directors said that results in the second half were being affected both by the deepening recession and trade de-stocking. They anticipated some progress, however, in full-year results.

They now say that most divisions performed satisfactorily, except the paint side, and that the first quarter results for 1980/81 are reasonable. The directors are unable to forecast, however, the year's outcome under the current difficult economic conditions.

Yearly earnings per 20p share are shown as 10.33p (8.14p) and a final payment of 1.19p net lifts the total dividend from 1.4p to 1.68p.

On a CCA basis pre-tax figure is given as £1.43m (£832,000) and earnings are 6.32p (3.24p).

Tax for the period took £423,000 against £316,000 and the attributable balance came through at £1.65m compared with £1.01m.

Net bank borrowings were eliminated during the year, the directors say, and showed an improvement of £990,000.

Capital expenditure increased by 24.7 per cent to £1.1m and further significant expenditure is planned for the current year.

	1979-80 £000	1978-79 £000
Turnover	32,468	29,038
Trading profit	2,045	1,576
Associates' share	23	35
Pre-tax profit	2,068	1,611
Tax	423	316
Net profit	1,645	1,295
Extraord. credit	5	†60
To capital res.	—	223
Attributable	1,650	1,012
Dividends	268	223
Retained	1,382	789
† Debit.		

● comment

Despite a static second half Evode has not come unstuck. Its buoyant interim results have carried the company through a second half of customer destocking and falling sales volume. Builders merchants, DIY distributors and retailers all cut back on ordering as the recession deepened from last April. As a result the group believes its sales volume fell 10 per cent during the second half and into the first quarter of the current year. But Evode was able to siphon off enough cash flow to turn a £680,000 overdraft into cash of £300,000 by the year end. With nil gearing and a continuing emphasis on cost cutting, the company ought to be well positioned for the long-awaited upturn. In a narrow market yesterday the shares moved 3p higher to 51p, yielding 4.8 per cent on a total dividend increased by a fifth. The cover on a CCA basis is nearly four times but the company is not given to large dividend hikes—instead it seems to favour steady growth. On a fully taxed basis the earnings multiple stands at around 8.

Edinburgh American 40% asset rise

DURING 1980 net asset value per share of Edinburgh American Assets Trust, a capital growth investment trust, rose 40 per cent from 73.5p to 102.7p.

The three most important areas for the trust's investment are the UK, U.S. and Canada. Here, in sterling term, stockmarkets rose by 27, 17 and 14 per cent respectively. The rise in the U.S., where the trust is 57 per cent invested, resulted from a strong price performance by electronic, energy and defence industry companies. As Edinburgh Assets is heavily involved with small and medium-sized companies in these sectors it was able to outperform the average market rise.

The rest of the companies investment falls as to 23 per cent UK, 10 per cent Canada and 10 per cent the rest of the world.

For the year an improvement of £50,000 lifted taxable profits to £572,000 after interest and expenses of £1.16m against £951,000.

Stated earnings per 25p share, after tax of £234,000 (£217,000), are 0.87p (0.79p) and the net single dividend is lifted to 0.8p (0.7p).

Gross income for the year of £1.73m (£1.47m) comprised franked income of £366,000 (£314,000), unfranked income of £1.35m (£1.15m) and £12,000 (£5,000) from underwriting

Bad second half for Lonsdale

A SECOND half surplus down from £614,000 to £117,000 has left Lonsdale Universal with taxable profits well behind at £829,000 for the year ended September 30, 1980, against £1.45m, a fall of 43 per cent.

And the final dividend has been omitted leaving the year's total at 1.85p net per 25p share, compared with a previous 5.1729p.

Turnover improved by £3.05m to £39.94m and the pre-tax figure was struck struck after interest charges, increased from £949,000 to £1.31m.

Mr. N. G. Ramseyer, the chairman, says that the group has substantially reduced its workforce, and other expenses have been curtailed, "but I cannot see that, until there is an improvement in general business confidence, the current year can be other than difficult."

At trading levels he says the competitive strength of the subsidiaries is such that he has no doubt they will continue to trade profitably despite current constraints. He explains that further reductions in borrowings will take place when current negotiations in relation to surplus freehold properties are completed. "We shall realise more than £1m from these sources."

Forecasts for the first half of the current year suggest that trading profits will be similar to those in the second six months of last year, but with continued high interest rates. "Your board is determined to reduce these heavy interest charges," Mr. Ritchie states.

Trading was not unsatisfactory, and this pattern remained until the summer, when the group's UK markets became increasingly dominated by national conditions—the printing industry dispute cost the company dearly in the first half.

	1979-80 £000	1978-79 £000
Turnover	39,925	36,892
Office equip. statnry.	19,240	16,405
Printing	8,814	10,021
UK bookselling	3,813	3,282
O'seas bookselling	6,071	3,932
Retailing	1,527	3,087
Trading profit	2,421	2,530
Office equip.	1,425	1,424
Printing	566	801
UK books	138	111
O'seas books	287	165
Retailing	5	29
Mangt. costs	280	127
Interest	1,312	949
Pre-tax profits	829	1,454
Tax	268	364
Extraord. debits	2,180	111
Pref. dividends	22	22
Available loss	1,641	†957
Ord. dividends	166	464
Retained loss	1,807	†493
† Profit.		

Trading figures, the chairman says, would have been worse had it not been for an excellent performance by the business forms unit. The sharp increase in operating costs reduced profitability in all sectors and resulted in both wallpaper book production and the Guernsey plastic extruding and printing operation being discontinued since they had no chance of profitable trading.

Office equipment and stationery traded quite well, but profitability began to fall in the summer months as demand fell off. Technical services were less affected and despite the prevailing circumstances, traded satisfactorily he states. UK bookselling recovered from its computer installation problems of the previous year, but its substantially price-controlled market caused margin erosion as local authority book buying declined.

Overseas, the Australian bookselling activities made very good progress.

Disposal of the group's department stores was completed, and rundown costs, both in the stores and the printing sector, including redundancy and other terminal payments arising from the loss of 346 full time and 134 part time staff, are included in the extraordinary items.

Garford-Lilley up midway

PROFITS BEFORE tax of Garford-Lilley Industries advanced from £240,355 to £294,607 for the half-year to September 30, 1980, but the board says it would be unwise to assume the rate of progress will continue through the year.

The directors of the company, which is involved in general engineering, metal stockholding, manufacturing plastic extrusions and mouldings and woodworking, say they are "cautiously optimistic" about the year's results.

Turnover for the period was £2.99m (£2.88m). The tax charge was £153,196 (£124,985), leaving earnings per 5p share of 2.14p (1.75p).

The interim dividend is maintained at 0.25p net — last year's total was 1.15p, paid from pre-tax profits of £521,746 (£438,373).

The engineering division has maintained progress, while the plastics division, which continued to suffer from the recession, achieved more than its share of the company's declining market. The woodworking activity, which was earlier affected by the depressed state of the furniture industry, later developed business that kept the Derby factory running at a better level than expected.

AMC ISSUE

The Agricultural Mortgage Corporation has issued £2m of 13½ per cent bonds. The bonds are issued at par and are redeemable on February 5, 1982.

A. J. Worthington falls further

A SLIDE in pre-tax profits from £72,200 to £17,300 is reported by textile product manufacturer A. J. Worthington (Holdings), for the six months to September 30, 1980.

The result, struck from turnover of £1.3m (£1.07m), includes a non-recurring profit from the sales of stocks acquired as part of the assets of W. H. White and Son, which joined the group in July. Excluding this element, the group made a loss of about £3,000 before extraordinary items.

The directors say the recession and intense competition from abroad have made trading the most difficult experienced in recent times. They can give no indication as to the level of the final dividend, which will depend on trading conditions in the second half.

Most of the increase in turnover resulted from the inclusion of sales of W. H. White. In real terms, excluding White, sales were 12 per cent lower than in the previous year.

The directors add that trading conditions have continued at a low level into the second half and there is no sign of an end to the textile industry's recession.

There was no tax charge for the half-year, compared with £27,000 previously. Stated earnings per 10p share were 0.86p (2.26p). There was an extraordinary debit of £2,600 (nil).

The interim net dividend is maintained at 0.41p — last year's total was 0.999p. Pre-tax profits for the whole of 1979/80 were £83,147 (£213,639).

In November the group acquired Smith Bros. (Macclesfield), manufacturer of high quality woven gimps, twisted cords and tassels. The company has 28 employees.

Newly-listed Kellock moves 50% ahead

PRE-TAX profits of Kellock Trust increased by over 50 per cent from £150,015 to £306,825 in the year to December 31, 1980. Turnover soared from £33.69m to £46.95m.

In accordance with proposed legislation, the consolidated results include the company's own figures from April 16 to December 31, and the results of Kellock Holdings and its subsidiaries from January 1 to December 31, 1980. The results of Hivegate are from November 16, the date of its acquisition.

The trust was granted a London listing last July and a dividend of 0.5p net will be paid for each of the 296,250 ordinary 40p shares.

After tax considerably higher at £3,090 compared with £42, and extraordinary debits of £30,000 (£114,488), net profit was £273,735 (£31,435).

Utd. Guarantee concerned over distributorship

RESULTS of the BP distributorship acquired by United Guarantee (Holdings) in its last financial year failed to match the profit potential indicated to the group by BP during discussions prior to the acquisition, Mr. H. W. King, the chairman, tells shareholders in his annual report.

And he warns there is little prospect of the Board being able to reverse this situation while BP's remuneration policy remains so out of line with the market place.

Mr. King points out that "essentially, it would appear in practice that the relatively new oil remuneration system, from which its distributors' earnings are largely derived, was designed for, and geared to, an expanding market to the extent that an acceptable profit level can only be generated by a sales achievement of, or expansion beyond, the targets annually predetermined by BP."

The chairman continues: "Whilst the effects of energy conservation and conversion programmes on oil consumption were understood at the time of the company's appointment in 1979, its experience since that date has been subjected to the overriding and prolonged recession."

He says he believes the effects of the recession "have been underestimated to a greater extent than is reasonable in setting of the targets and the structure of the remuneration. The net result," he adds, "is that after taking into account the heavy finance burden associated with this investment, a negative contribution has been returned."

Mr. King is hopeful that the company's representations to BP will result in their adopting a more realistic and equitable policy which will enable the distributorship to operate at an acceptable commercial profit level in line with the original projections of BP.

He points out that the current year continues to be fraught with hazards beyond the company's control—adding that he is unable to make any reasonable forecast as to the results for the year while the country remains in its present state of recession.

As reported on January 17, the group, whose activities include the sale of lubricants and fuel oil, heating services and the leasing of plant and vehicles, turned in an attributable loss for the 12 months to September 30, 1980, of £8,790, compared with a profit of £238,385—despite a rise in sales from £6.01m to £10.86m. The dividend was maintained at 0.5p net with a same-again final of 0.268p.

At year-end bank overdrafts showed a rise from £18,369 to £201,245 with short-term loans down at £132,972 (£182,478). Shareholders' funds dipped from £1.03m to £996,751.

Meeting, Winchester House, EC, February 19, noon.

EUROPEAN OPTIONS EXCHANGE

Series		Mar. Vol.	Last	June Vol.	Last	Sept. Vol.	Last	Stock
GM C	$50	—	—	1	2	—	—	$44½
		April		July		Oct.		
ABN C	F.280	11	6.70	—	—	—	—	F.271
ABN C	F.300	7	1.70	—	—	—	—	
AKZO C	F.15	—	—	3	2.20	—	—	F.16
AKZO C	F.17.50	10	0.60	85	1.10	—	—	"
AKZO C	F.20	5	0.40	26	0.70	30	1	"
AKZO P	F.17.50	53	1.50	3	2	—	—	"
AMRO C	F.55	1	2.90	—	—	—	—	F.55.70
HEIN C	F.55	21	2.20	—	—	—	—	F.53.80
HOOG C	F.15	—	—	—	—	11	1.40	F.14.20
IBM C	$70	26	1⅝	—	—	—	—	$65⅛
IBM C	$75	—	—	2	2	—	—	"
KLM C	F.55	17	9.50 B	—	—	—	—	F.63.80
KLM C	F.60	57	5.70	9	7	—	—	"
KLM C	F.65	72	3.20	—	—	—	—	"
KLM C	F.70	103	1.60	45	3.30	—	—	"
KLM P	F.55	3	1	—	—	—	—	"
KLM P	F.60	37	2.50	5	4	—	—	"
KLM P	F.65	47	4.70	10	5.50	—	—	"
KLM P	F.70	13	9.20	5	10 B	—	—	"
NATN P	F.120	2	1.20	—	—	—	—	F.121.40
PETR C	Fr.5500	—	—	—	—	58	200	Fr.5020
PHIL C	F.15	68	2.50	30	2.90	5	—	F.17.10
PHIL C	F.17.50	110	0.90	77	1.30	—	1.70	"
PHIL C	F.20	11	0.30	96	0.60	—	—	"
PHIL P	F.15	20	0.20	—	—	5	—	"
PHIL P	F.17.50	2	0.90 B	180	1.50	—	1.50	"
OLIE C	F.190	—	—	10	30	10	—	F.205.40
OLIE C	F.200	72	16	—	—	3	27	"
OLIE C	F.220	159	6	71	9.40	—	15	"
OLIE C	F.240	39	1.60	67	4.50	—	—	"
OLIE P	F.180	10	0.80	—	—	—	—	"
OLIE P	F.190	56	2.10	10	5	—	—	"
OLIE P	F.200	18	5.50	25	9.80 B	—	—	"
OLIE P	F.220	37	16 B	—	—	—	—	"
OLIE P	F.240	3	33	—	—	—	—	"
UNIL C	F.130	—	—	20	4.50	—	—	F.129.30
		Feb.		May		Aug.		
BOEI C	$40	20	1	3	3⅞	—	—	$40
BOEI C	$45	—	—	10	1¼	—	—	"
BASF C	DM.130	—	—	10	1	—	—	DM118.20
SIEM C	DM.250	—	—	10	8.50	—	—	DM257.50
SIEM C	DM.260	—	—	10	1	10	3	"
SLUM C	$110	11	4¼	1	11½	—	—	$111¼
SLUM C	$120	—	—	1	6½	—	—	"
VW C	DM.150	80	0.50	10	1.50	—	—	DM138

TOTAL VOLUME IN CONTRACTS 2142

A=Asked B=Bid C=Call P=Put

BANK RETURN

	Wednesday January 28 1981	Increase (+) or Decrease (—) for week
BANKING DEPARTMENT		
Liabilities	£	£
Capital	14,553,000	—
Public Deposits	30,730,708	— 1,090,300
Bankers Deposits	579,424,480	+ 163,953,255
Reserve & other Accounts	1,323,301,915	— 726,385,309
	1,948,010,103	— 563,522,354
ASSETS		
Government Securities	694,530,856	+ 272,950,000
Advances & other Accounts	835,460,510	— 726,122,352
Premises Equipment & other Secs.	403,342,714	— 111,157,238
Notes	14,386,826	+ 830,864
Coin	289,197	— 23,628
	1,948,010,103	— 563,522,354
ISSUE DEPARTMENT		
Liabilities	£	£
Notes issued	10,125,000,000	+ 25,000,000
In Circulation	10,110,613,174	+ 24,169,136
In Banking Department	14,386,826	+ 830,864
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	6,690,391,599	— 413,830,522
Other Securities	3,423,593,301	+ 438,830,522
	10,125,000,000	+ 25,000,000

BOND DRAWINGS

BIDS AND DEALS

Western Scientific's cure for ailing Negretti group

BY JOHN MAKINSON

WESTERN SCIENTIFIC, a holding company controlled by institutional investors, has launched a £1.45m cash offer for Negretti & Zambra, the ailing Aylesbury instruments group which has pinned its hopes on *microprocessor technology*.

Negretti's board has recommended acceptance of the bid *and the company's largest shareholders*, the National Enterprise Board and the Industrial and Commercial Finance Corporation, have already agreed to accept the offer.

As a result, Western Scientific *has obtained irrevocable commitments* totalling 45.77 per cent of the ordinary shares and 55.81 per cent of the convertible preference shares.

Western Scientific is offering 25p for the ordinary shares, 60p for the 9 per cent convertible preference shares and 50p for the 3.5 per cent preference shares. Before the bid, Negretti's ordinary shares were quoted at 30½p.

This is the first investment proposed by Western Scientific, which was formed in May last year by Electra Investment Trust and Thompson Clive and Partners, a private management and finance company.

Western aims to build up a new scientific instruments group *with marketing and servicing* groups in Europe, North America and other developed countries. It also plans to establish a select number of UK-product companies.

In order to finance the Negretti bid and inject much-needed new capital, Western has sought participation from other institutional investors.

They are Thompson Clive Investments, Thompson Clive Growth Companies Fund, the National Coal Board Pension Funds, two trusts within the Touche Remnant group, Commercial Union Assurance and clients of both Gartmore Investment and Safeguard Industrial Investments.

Together with Electra, they have agreed to subscribe about £3.75m once the offers become unconditional, bringing Western's shareholders' funds up to about £4.25m. A sizeable portion of this would then be injected into Negretti.

Yesterday's surprise announcement by Western overshadowed another grim set of figures from Negretti. The company lost £454,969 before tax in the six months to September last year, compared with a loss of £408,398 in the same period of 1979.

Interest charges again accounted for almost half of the loss and the company was obliged to omit dividends on both its ordinary and preferred shares. Sales slipped to £5.17m from £5.33m.

Negretti has consistently striven to remain independent, arguing that sales of its MCP80 and MCP85 microprocessors would soon bring it back to profitability. By the beginning of this year, however, heavy losses had weakened the group's capital base to the point where its *survival seemed threatened*.

The company's net debt had risen above the level of shareholders' funds and attributable reserves had been eliminated. The gravity of Negretti's position can be judged from the board's acceptance of an offer pitched below the market value of its shares.

Over the past few years, Negretti has made strenuous efforts to improve its trading and capital position. In 1978, the company raised £1.56m, *including £1.17m from the NEB*, in the form of convertible preference shares and deferred ordinary shares. This gave the NEB a 29.91 per cent stake in Negretti's ordinary and deferred ordinary capital.

At the time, the move annoyed Equity Capital for Industry which was also seeking a stake in the company's microprocessor prospects but, having paid 74p for its shares, the NEB must now be wishing it had left well alone.

By the following year, Negretti was again in need of cash. The development of its MCP85 model was being financed by expensive borrowed money and, *apart from its successful* aviation instruments business, none of its main divisions was making a satisfactory profit.

Negretti, therefore, embarked on a series of assets disposals which brought in around £1.5m *in cash. The sales served only* to worsen the balance sheet, however, because of the sizeable write-offs involved, and losses in some divisions deteriorated. The Sepkarn electrical company clocked up a 1979-80 loss of £186,000.

Negretti could have made further sales. Again, however, the problem was under-*capitalisation*. Asset *disposals* would not necessarily strengthen the balance sheet and the NEB was hoping to sell its stake rather than plough in more funds.

The institutions were the obvious answer.

The company chairman, Mr. Bob Ford, believes that Negretti "could probably have struggled through on its own" but he *also accepts that* the company will find institutional backing a great bonus in a market dominated by cash-rich groups such as Honeywell.

Mr. Ford will be leaving the board if the bid goes through, together with two non-executive directors. One of them is Mr. P. A. Negretti, whose departure will bring to an end a 130-year family involvement with a company.

Anglo-Indonesian 40p cash offer for Eva

Anglo-Indonesian Corporation, the tea and rubber estate group, yesterday made a surprise 40p per share cash offer for the ordinary shares of Eva Industries, a Manchester-based agricultural toolmaker and engineer, in which *it already has a 27 per cent holding* and a close working relationship.

The shares rose 4p to 41p on the stock market, valuing the company at £3.8m.

Anglo-Indonesian's offer, which *it is being obliged to make* under the rules of the Take Over Panel, follows a conditional contract with B.A.T. Industries to acquire a further 87,000 Eva shares.

These shares together with further holdings held by persons deemed to be *acting in concert* with Anglo (other than those held by clients of Stewart Fund Managers) represents 30.62 per cent of Eva's equity. Taking into account the shares managed by Stewart Fund Managers (*which has indicated that until* further notice it intends to support Anglo at meetings of Eva) the total holding by Anglo is 37.59 per cent.

Anglo, whose chairman, Mr. Michael Nightingale, is also on the Eva Board, made it clear yesterday that it does not wish to acquire all the shares in Eva but wants to see it continue as an independent listed company working closely with it, especially *in overseas markets*.

Eva said yesterday that the company would be studying the offer and expected to write to holders in the next couple of days. The company said that it could not fully understand the *logic behind the move* by Anglo, which already has a good relationship with Eva and two of its directors on the board.

Anglo believes that Eva has the potential to meet the challenge of a substantial demand for *quality hand tools* and achieve an improved profit performance, "but in order to participate in this growth, considers that Anglo should have a larger holding."

Mr. Nightingale said yesterday that Anglo would want to raise *its holding in Eva gradually over* the next few years, but the present move is designed to cement even further an already close relationship between the two companies.

Bristol Post board against takeover

The board of the Bristol Evening Post met yesterday and decided to oppose the takeover of the company by the Associated Newspaper Group. The bid for th shares of BEP not already held by Associated values *the regional newspaper* group at £7.76m (190p per share in cash).

Associated asked the Bristol board on Monday to convene an extraordinary general meeting in order to alter a 1966 agreemeit which prohibits Associated from increasing its shareholding in the company. Yesterday's meeting of the BMEP board decided to agree to convene the meeting.

The Bristol board said it would defend against the offer *because it considered* the proposals not to be in the best interests of its shareholders and employees. When information relating to the offer had been received by shareholders, the board would make a detailed *reply*.

In the meantime, the board strongly urged them to take no action in respect of their shareholdings.

Journalists at the Bristol Evening Post yesterday urged shareholders and directors to resist the takeover. At a meeting of the newspaper's NUJ chapel, they called upon Trade Secretary Mr. John Biffen to refer the proposal to the Monopolies and Mergers Commission.

The journalists issued a statement saying they had "no wish to acquire a new management which is bigger and even more remote than the existing one, and one which is responsible for the recent closure of the London Evening News."

The chapel added that the Monopolies Commission had repeatedly objected to the progressive concentration of newspaper ownership in this country. Members called on the Commission to put their power behind their words and prevent yet another takeover.

Robertson rejects £17m bid from Avana Group

ROBERTSON FOODS was quick to reject yesterday what it described as the "distinctly resistible" £17.3m all equity offer from Avana Group.

The "golly" jams and mincemeat manufacturer decided "that the best interests of Robertson and its shareholders will be served by Robertson remaining independent."

It saw "no commercial logic behind a takeover of Robertson" by the supplier of cakes and pies to Marks and Spencer and was "of the opinion that the terms proposed are completely inadequate and that the offer should be rejected."

Avana is preparing to offer three of its own shares for every four Robertson shares which are thus valud at 148½p. This takes the Avana price of 198p yesterday up 6p. Shares in Robertson added 3p to 144p.

Robertson is to set out its detailed reasons for rejection in *a circular which will* be sent shortly after it receives the Avana offer document.

Avana expects to be in a position to post its formal offer document in the near future.

B. Paradise £1.45m cash call

B. Paradise, the clothing company, yesterday announced a £1.45m rights issue to pay for three acquisitions and cut back borrowings.

It is paying £775,000 for three *family linked fur and leather* coat companies—County Coats, B. Motzney, and the Sol. Eidenstein and Son partnership—which had combined net tangible assets of £411,240 at July 31, 1980.

Paradise, now controlled by R. & J. Pullman with 52.5 per cent, intends to apply to the Stock Exchange for the restoration of *dealings in its shares* which were suspended at 61p in mid-December pending further news of the proposed purchases.

The rights issue will be on an 11-for-five basis at 45p a share. Pullman will take up less than half its entitlement, leaving it with nearly 32 per cent of the enlarged capital.

The balance *of the issue*—2.66m shares out of 3.41m—has been underwritten by Paradise's stockbrokers, Capel-Cure Myers.

Total sales of the three companies being acquired were £855,151 in the year to end-July, with pre-tax profits at £76,152. Paradise will receive bridging finance until the rights issue money is in.

For the 12 months to April 30, 1981, Paradise estimates consolidated pre-tax profits of at least £315,000: Paradise itself will contribute £214,000, Templebest (bought last year) £44,000, and the three new companies £57,000 from December 12.

In its last financial year to January 31, 1980, Paradise's pre-tax losses deepened from *£317,000 to £401,000. It has since* changed its year-end date.

On the basis of its profit forecast, a final dividend of 0.7p net will be paid (1p gross). For the full year in which a similar profit level was earned, it would pay a total of at least 3.5p (5p gross).

An EGM will be held on February 16 for shareholders to approve the bridging finance, which will put the company briefly above its £1.5m borrowing *limit, and dealings are expected* to start the next day.

Lynton up—£2.4m purchase

REPORTING first half pre-tax profits of £595,000 against £531,000, Lynton Holdings, property investment and development group, announces the acquisition of Summerbridge Investments, a private company comprising mainly fully let freehold and long leasehold office, shop and *industrial* properties in the UK.

Net assets acquired total £2.39m and consideration is to be satisfied in full by 926,000 Lynton ordinary shares (some 9.37 per cent of the company's *enlarged capital*).

Lynton's pre-tax profits for the six months to September 25, 1980 include property dealing profits of £61,000 (£40,000). Tax took £304,000 (£256,000), for earnings of 2.5p (2.64p) per 20p share and, to reduce disparity with the final, the net interim dividend is raised from 1.2p to 1.5p. The directors expect to at least maintain last year's total of 3.1p, which was paid on profits of £1.27m.

Minority profits for the period amounted to £67,000 (£39,000) and development outgoings less tax transferred from capital account totalled £161,000 (£350,000).

The directors state that, following a successful reduction in short and medium term borrowings, they have adopted a policy of increasing assets when suitable opportunities arise.

The purchase of Summerbridge is in line with this policy and will strengthen Lynton's management team, they add.

For the 10 months to October 31, 1980 Summerbridge made taxable profits of £145,301, compared with £37,260 for the previous 12 months.

The executive directors and principal shareholders of Summerbridge are Peter V. Olsberg and G. Gordon Edington who have accepted invitations to join the Lynton board in a full time capacity. Each has entered into a three year service agreement.

Mr. Olsberg has been appointed a managing director jointly with Mr. M. Lambert who continues as chairman of the group.

MINING NEWS

Echo Bay gold warrants priced

BY GEORGE MILLING-STANLEY

FURTHER DETAILS have now been made available of the novel financing scheme, involving gold purchase warrants, for the Lupin gold mine in *the Canadian Arctic*, owned by Echo Bay Mines.

Echo Bay, a wholly-owned subsidiary *of the diversified U.S.* services company IU International, has decided that the warrants should be based on the London afternoon fix of $524 per troy ounce, on Tuesday, January 27, plus a premium of 13.5 per cent, *to give a final figure of* $595 per ounce. In London yesterday gold dropped to $490½.

The financing scheme is intended to raise C$65m (£22.6m) of the new Lupin mine's estimated capital cost of C$108m by the offer of 1.3m redeemable preferred shares at a price of C$50 per share, plus four *warrants to buy gold* at the price given, exercisable on January 31, 1986, 1987, 1988 and 1989.

On those dates, holders will be able to take physical delivery of the gold, in exact multiples of a troy ounce—any fractions will be sold *and cash paid*.

Failing that, the investor may receive the net proceeds from the sale of the amount of gold to which he is entitled, or, if the bullion price has fallen below the issue price, he can tender for *the return of his U.S.$5.31 prepayment*.

The total to be raised by the issue may be increased from C$65m to C$85m, and this is now regarded as virtually certain in view of the reception accorded to *details of the issue as provided* by leading executives of both IU International and Echo Bay Mines in the major financial centres of Canada and Europe.

The preferred shares will receive a total dividend of C$3 per share payable in C$1.50 instalments on June 30 and December 31 each year, starting on June 30 and December 31 each year, starting this year. Dividends will initially be paid out of the cash flow from the Echo Bay silver mine at Port Radium, on the shores of the Great Bear Lake in Canada's *Northwest Territories*, some 200 miles west of Lupin.

Production from Lupin is expected to start around the end of 1982, and current reserves of some 2.7m tonnes of ore grading about 11 grammes of gold per *tonne indicate* a life of seven years.

This would put the mine's life among the longest of any gold mine in Canada, *and it could be* extended if the orebody goes below the 650 feet level. A decline leads to that level, and one hol drilled from the bottom of the decline as far as 1,535 feet below surface intersected ore grading 18 *grammes of gold* per tonne, with no changes of rock type.

Despite its position, it is intended to work the Lupin mine all year round, as is the case with the silver mine at Port Radium. The operation will be solely supported from the air, and a minimum of 30 days of supplies will be carried to minimise the risk of this.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. *Such meetings are usually* held for the purpose of considering dividends. Official indications are not available as to whether dividends are *interims* or *finals* and the sub-divisions shown below are based mainly on last year's timetable.

TODAY

Interims: John Brown, Haynes Publishing, Longton Industrial, Wholesale Fittings.

FUTURE DATES

Interims—	
Armour Trust	†Feb. 6
Jentique	Mar. 4
Second Alliance Trust	Feb. 6
Finals—	
Crescent Japan Invest. Trust	Feb. 10
Gillett Bros. Discount	Feb. 25
Hong Kong & Shanghai Bnkng.	Mar. 10
Scottish Eastern Invest. Trust	Feb. 18
St. Andrew Trust	Feb. 13

† Amended.

Setback for Renison

EARNINGS of the Consolidated *Gold Fields group's money-spinning* tin producer in Tasmania, Renison, have been checked after four years of strong growth. The net profit for the half-year to December 30 last has fallen to A$8.51m *(£4.17m) from* A$12.48m in the first half of the previous year to last June when the 12 months' total came out at A$25.75m.

A reduced interim dividend is declared of 17.5 cents (8.6p) which compares with the equivalent of 26.09 cents a year ago after adjustment for capital changes. The final for 1979-80 after similar adjustment was 32.6 cents. There are *now* 33.6m shares in issue.

Rensison has been hit by lower production, as a result of labour unrest, coupled with the fall in tin prices. The price of tin weakened during the latest *half-year from around* A$14,200 per tonne to A$12,150.

Tin has since fallen further to about A$11,500 which will not help the second half profits. On the other hand, new equipment is now being commissioned which will raise *annual milling* capacity to 850,000 tonnes from 630,000 *tonnes*.

More Canadian coal for Japan

ANOTHER Canadian-Japanese coking coal deal is announced, this time involving Alberta's Gregg River Resources. Leading Japanese steel companies have signed contracts to acquire a 40 per cent stake in the company's C$180m (£62.8m) coking coal mine project in the Gregg River district of Alberta and will bear a similar proportion of its cost.

It is believed that the Japanese companies have agreed to buy 2.1m tonnes of coking coal annually from the project for 15 years from 1983.

Following the deals announced *earlier this week* involving the Quintette and Bullmoose coal developments in north-eastern British Columbia, Canada could have some 25 per cent of the Japanese coal market by 1985 compared with 19 per cent at present.

Bendix to buy own shares for $320m

By Our Financial Staff

BENDIX CORPORATION, the automotive and aerospace components group which last year announced asset sales totalling $770m, is to buy back up to 22 per cent of its shares for $320m and is in talks on the sale of a geophysical survey subsidiary.

Bendix said yesterday it would make an offer for up to 4m of its shares at a net price of $64 a share, beginning next week. It would reserve the right to buy a further 1m of its 22.9m outstanding shares.

The company is also holding talks on the sale of United Geophysical Corporation an oil and natural gas survey unit which had sales in the year to September 30 of about $80m. Bendix said the sale of the company would result in a substantial capital gain and would "essentially conclude" its programme of selling those businesses related to natural resources. Last year Bendix bought for $291m Warner, and Swasey, a machine tool company, as part of its policy of reaffirming "the primacy of technology" within the group.

It has already begun the sale of its holding of 20 per cent in Asarco, the base metals group, which will result in a $75m gain from the $335m price Asarco is to pay. It also expects a "very substantial" capital gain from the sale of most of its forest products operations for $435m.

Xerox earnings rise 10% to record annual level

BY PAUL BETTS IN NEW YORK

XEROX, the leading U.S. office equipment and electronics group, yesterday reported record fourth quarter and annual profits.

Fourth quarter profits totalled $142.2m or 11 per cent more than the $127.8m reported in the same quarter the previous year. Annual earnings rose 10 per cent to $619.2m last year.

Operating revenues in the fourth quarter were 19 per cent up to total $2.2bn, while operating revenues for the full year rose 17 per cent to $8.2bn.

Mr. Peter McCologh, Xerox's chairman, said the company would continue to adopt an aggressive posture in the market place this year and expected performance to continue to improve.

He added that Xerox's heavy investment programme this year would put some pressure on margins but would provide the basis of significant growth in the longer term in the company's office information and electronic printing businesses.

The office products division, which makes information processing and facsimile equipment, showed a profit in the fourth quarter for the first time since its formation in 1975. For the full year, its revenues were up about 50 per cent.

Amdahl, the Californian computer group, also reported yesterday. Earnings of $6.7m in the fourth quarter reflecting the turnround in the company's performance which was severely hit in 1979. In the last quarter of 1979 Amdahl reported a loss of $1.3m.

Amdahl said yesterday its higher fourth quarter revenues of $108m and earnings had also been achieved despite a price reduction of about 17 per cent on its 470 product lines.

But the price reduction on the systems last November had stimulated demand for the company's large computers, said Mr. John Lewis, Amdahl's president.

He added that greater demand for the large computers coupled with the growth of Amdahl's communications and software businesses would help the company to improve its market position and financial performance.

Marsh and McLennan advances

BY IAN HARGREAVES IN NEW YORK

MARSH AND McLENNAN, the large U.S. insurance company, which last year bought C. T. Bowring of the UK, yesterday reported sharply higher earnings for both the final quarter and the whole of 1980.

The company said it earned $23m in net profits on operating revenue of $185m in the quarter, compared with earnings of $16.6m on revenues of $132m in the same period a year earlier.

For 1980, Marsh McLennan earned $100.7m on revenue of $677m, against $93.4m on revenues of $530.5m in 1979.

Earnings of CT. Bowring were included in Marsh McLennan's figures since July 3.

At the per share level, however, reflecting a stock split last November and the consequences of the Bowring takeover, Marsh McLennan's earnings are fairly stagnant, amounting to 63 cents per share in the final quarter, compared with 60 cents in the 1979 final quarter. The yearly comparison is $3.12 per share in 1980, against $2.95 per share in 1979.

Heavy loss for Northern Telecom

By Robert Gibbens in Montreal

NORTHERN TELECOM, Canada's largest telecommunication equipment company, reports a final net loss of C$185.2m (U.S.$155m) for 1980, against a net profit of C$113.5m or C$3.70 a share in 1979.

The company warned late last year that 1980 would show a heavy loss. The 1980 figures include C$163.8m in special charges to cover problems with its U.S. subsidiaries operating in the electronic office system

Investment group opposes Munsingwear share plan

BY OUR FINANCIAL STAFF

TWEEDY, BROWNE, an investment adviser, is to solicit proxies to oppose the plans by the board of Munsingwear, the clothing group, to sell 30 per cent of its shares

Tweedy holds 100 of Munsingwear's approximately 1.6m shares, but advises accounts with 97,940 shares and is involved with two partnerships which hold a further 49,095 shares. Gulf and Western Industries, the investment and industrial conglomerate, is the biggest single shareholder in Munsingwear with about 19 per cent of its stock, but Tweedy said it had not yet contacted Gulf.

Under the proposals, to be voted on at a special meeting on February 11, Munsingwear is to sell shares to Toyobo Company, Descente and C. Itoh and Company. The sale would ultimately give the three companies a 30 per cent interest in the clothing group. Two of the Japanese companies hold licences to manufacture and market Munsingwear products in Japan.

Quaker Oats marks time

By Our Financial Staff

VIRTUALLY UNCHANGED net profits of $22.4m against $22.5m have been reported by Quaker Oats Company, the food, toy and chemical group, for its second quarter. Sales for the period were ahead from $617.3m to $690.3m.

For the first six months to December 31 profits were slightly lower at $45.1m against $46.4m, from sales ahead from $1.19bn to $1.33bn. Unchanged second quarter earnings per share of $1.06 left the half year figure at $2.12, down from $2.19.

Federal Commerce buys stake in Abitibi

By Robert Gibbens in Montreal

ONE OF Canada's largest shipping companies, Federal Commerce and Navigation, controlled by the Pathy family of Montreal, is offering to buy 2¼m common shares of Abitibi-Price the Toronto-based newsprint producer at C$27.50 cash per share. The offer is being made through the Toronto, Montreal and Vancouver stock exchanges. Abitibi-Price is the world's largest newsprint producer with major interests also in timber and packaging.

The cost of the acquisition of the Abitibi shares would be about C$62m (U.S.$50m) and the block would equal 8.3 per cent of the total equity.

However Federal Commerce has over the past few months quietly bought 9 per cent of the Abitibi shares already and, assuming the present offer goes through, would then have 17 per cent. Together with more convertible preferred shares of Abitibi that it plans to buy Federal Commerce expects finally to hold about 20 per cent of Abitibi but says it has "no present intentions" of buying more nor is it considering taking full control.

However, a 20 per cent holding would make Federal Commerce by far the largest single stockholder in Abitibi, and entitle it to several boardroom seats.

The bid price of C$27.50 compares with a market price for Abitibi at the close on Wednesday of C$22.50.

Massey delays annual meeting

By Our Financial Staff

MASSEY-FERGUSON, the troubled Canadian farm equipment maker, is to delay its annual meeting to allow more time for clarification of "significant remaining uncertainties" relating to its C$720m ($588m) refinancing plan. The meeting will now be held on April 28 instead of its normal date in March.

SOCAL shows gain but downstream operations slacken

BY OUR NEW YORK STAFF

STANDARD OIL of California (SOCAL), the fourth largest U.S. oil company, reports a 17 per cent increase in fourth quarter profits and a 35 per cent rise in annual profits, reflecting higher crude oil and gas prices, coupled with increased production in its fields in the U.S., the North Sea and Spain.

Fourth quarter earnings rose from $524m on revenues of $9.8bn in the last quarter of 1979 to $615m on revenues of $11.3bn. Annual profits totalled $2.4bn on sales of $42.9bn, compared to earnings of $1.8bn on revenues of $31.9bn in 1979.

The company also said its capital and exploration investments throughout the world were a record $3.6bn last year representing a 58 per cent increase on 1979 capital expenditure.

Although the company reported strong gains in both domestic and foreign oil and gas earnings, profits from downstream operations declined in the fourth quarter as revenues did not rise at the same rate as the cost of foreign and domestic crude. But the company said refining and marketing earnings for the year increased over the previous year.

● In a move reflecting the U.S. oil industry's increasing interest in coal, Gulf Oil has reached a preliminary agreement with Republic Steel, the leading steel producer, to form a joint venture to own, operate and develop the steel company's North River steel properties in Alabama.

According to terms set out in a letter of intent signed by the two companies yesterday, Gulf will acquire for $120m a 50 per cent interestin the venture and will contribute $35m in the joint venture to further develop the coal properties.

The North River tract covers about 83,000 acres and is currently producing at a rate of 1.5m tons of coal a year.

Mr. Jerry McAfee, Gulf's chairman, said the joint venture was an important step in the company's current programme to expand and diversify its position in the coal industry.

Sun's income drops 87% in final period

BY OUR NEW YORK STAFF

SUN COMPANY, one of the top 10 U.S. oil groups, reported yesterday an 87 per cent fall in fourth quarter earnings to $29.6m from $222.9m a year earlier. Full-year profit of $722.8m on sales of $13.2bn compared with $699.9m on $10.8bn in 1979.

The sharp decline was the result of a combination of factors including the company's decision to divest its ailing ship building operations, the high financing costs for its acquisition last spring of Seagram's oil properties, and the impact of recent Canadian legislation cutting prices of its synthetic crude oil output in Canada.

Sun said it had made a total charge of $168m against fourth quarter earnings in connection with the company's withdrawal from the shipbuilding business, which lost $19m last year.

Anacomp bond priced after cut in amount

By Francis Ghilès

THE convertible bond for Anacomp, the U.S. computer group, was priced at par and the coupon fixed at 9 per cent after the initial amount of the issue had been cut by $2.5m to $12.5m. The conversion premium was set at 10.45 per cent. Lead manager, Morgan Grenfell was quoting a price of 99½-101½ in early secondary market trading yesterday evening.

Prices of fixed-interest dollar bonds drifted down by ⅛ of a point in thin trading yesterday, but there were some exceptions, notably the 14½ per cent bond to 1983 for Ford Credit Overseas which shed 1½ points to close at 96½-97½. This was the result of insistent rumours that a $100m three-year bullet issue for the same borrower was imminent. Otherwise dealers described trading as thin, although some investors are continuing to show some buying interest.

In the D-Mark and Swiss franc sectors bonds were hit by the strength of the U.S. dollar on foreign exchanges. Prices of D-Mark bonds slipped by as much as ½ a point while Swiss franc bonds were somewhat steadier, losing between ⅛-¼ of a point.

A SwFr 40m five-year private placement of convertible notes was announced by Union Bank of Switzerland for Yamashita Shinnihan, the Japanese shipping company. The borrower will pay a coupon of 4½ per cent and a conversion premium of around 3 per cent.

In the Euroguilder sector, Algemene Bank Nederland has arranged a Fl 100m five-year private placement on its own behalf which bears a coupon of 10¼ per cent and has been priced at 99½.

Encouraging reception for warrant bonds

BY DAVID LASCELLES IN NEW YORK

IN A business where the word "innovative" is a high compliment, bonds with negotiable warrants are setting new benchmarks innovation, at least according to their creators. In the past two months, Wall Street and London investment firms have managed seven issues of these instruments, two on the U.S. and five on the Eurodollar market. So encouraging was the reception, apparently, that more are planned.

The procedure is roughly the same as for equity warrants, except that the value of the warrants and the strategy behind warrant issues is directly related to the movement of interest rates.

Although there have been issues of bonds with warrants issues in the past on the Euromarkets, the latest issues are innovative because the warrants can be separated and traded in the secondary market. The credit for this new idea goes to Salomon Brothers, the Wall Street investment firm.

These new instruments owe their birth to the extraordinary volatility of the dollar credit markets in the past couple of years. Warrants are only useful when the security to which they entitle the holder fluctuates quite widely, as with equities. But with interest rates gyrating, bonds have become sufficiently volatile to make them candidates for warrants too.

Mr. Jon Rotenstreich, partner in charge of corporate finance at Salomon Brothers, said the firm also noticed that the inverted yield curve which has characterised the U.S. credit markets for much of the last year produced strong forward demand for bonds, which he reckoned could be harnessed by a "with warrants" bond issue. In December, the firm put together a deal for Sweden in the Yankee market (the bond market for foreign borrowers). The issue was originally to have been $150m with warrants for another $150m of notes, exercisable any time within six months. But the issue was so popular that Salomon raised it to $200m on both counts.

The notes were priced to yield 13.65 per cent, compared with the 14.3 per cent which Salomon estimates Sweden have had to pay on a straight issue. This saved the borrower about $6m.

Encouraged by the response, Salomon organised a $50m issue for Credit National of France on the Euromarkets. Other issues followed, managed by Credit Suisse First Boston, and Blyth Eastman Paine Webber on both the Eurodollar and domestic bond markets. The borrowers (who represent a strikingly broad cross section) were Hydro Quebec ($100m), GTE Finance ($50m), Beneficial Corporation ($75m) and $100m for Municipal Assistance Corporation, which borrows on behalf of New York City.

In many ways, Sweden was an ideal "first." It needed the money and was willing to try something new. The timing of the issue was also good: Salomon believed that interest [illegible] while the market was coming to the view that they had peaked. So Sweden made the issue feeling reasonably confident that the warrants would not be exercised. And investors bought the bonds in the hopes of making a killing on the warrants as rates went down.

There is still a danger, of course, that interest rates will fall sharply and force Sweden to honour the warrants at above market rates. But Salomon estimates that rates for credit such as Sweden's would have to drop below 12.8 per cent by June 1 (the warrant deadline) to make the original deal uneconomic, a decline of nearly 200 basis points from current levels.

In the month they have been traded, the warrants have ranged between $10 and more than $40. As each warrant represents an option on a security worth about $1,000 (the face value of each bond) it gives a speculator a cheap way of keeping the door open to a bigger "play" should interest rates move the right way. As such it competes with the fast-growing interest rate futures markets

[illegible] in promoting [illegible] bonds.

The success of each issue depends to a large extent on investors believing that interest rates will go down. Yet Dr. Henry Kaufman, Salomon's enormously influential chief economist, continues to predict record interest rates this year. Similarly, the concept of a bond with warrants accommodates volatile markets and weakens the credit discipline which Dr. Kaufman has repeatedly said is essential to healthy capital markets.

Mr. Rotenstreich acknowledges these apparent contradictions in Salomon's position, but he argues that it is also the firm's function to raise capital for clients, and that bonds with warrants have justified themselves by their success.

HOW BONDS WITH WARRANTS WORK

THE BORROWER sells bonds carrying detachable warrants entitling the holder to buy more bonds at the same issue price within a given period. Because the warrant has a market value, the bond sells for more than a comparable straight bond, thereby reducing the borrower's cost of funds. But the catch is that if interest rates go down, the borrower will be forced to honour the warrants with what amounts to a new borrowing at above market rates.

The investor gets a lower yield than on a straight bond, but the warrant has a number of potentially valuable uses. If interest rates go down, the investor can exercise it and buy a new bond below its market price, or detach the warrant and sell it in the secondary market. The investor can also use it as an interest rate hedge.

But if interest rates go up, the warrant loses much of its value, as the market value of the bond to which it entitles the holder will have sunk below the issue price—though it might retain some hedge value.

Either way, bonds with warrants enable both borrowers and lenders to speculate on the future course of interest rates.

AMERICAN QUARTERLIES

AMERICAN HOSPITAL SUPPLY

	1980 $	1979 $
Fourth quarter		
Revenue	631.1m	547m
Net profits	31.8m	29.6m
Net per share	0.78	0.76
Year		
Revenue	2.34bn	2.04bn
Net profits	122.2m	169.4m
Net per share	3.03	2.78

ALBANY INTERNATIONAL

	1980 $	1979 $
Fourth quarter		
Revenue	93.8m	88.3m
Net profits	7.42m	6.45m
Net per share	1.11	0.97
Year		
Revenue	365.5m	339.5m
Net profits	25.91m	23.29m
Net per share	3.87	3.52

AMP INC.

	1980 $	1979 $
Fourth Quarter		
Revenue	290.9m	271.9m
Net profits	32.32m	31.33m
Net per share	0.90	0.87
Year		
Revenue	1.16bn	1.01bn
Net profits	131.2m	121.3m
Net per share	3.65	3.36

BANDAG

	1980 $	1979 $
Fourth quarter		
Revenue	92.8m	85.6m
Net profits	8.9m	8.01m
Net per share	0.74	0.63
Year		
Revenue	330.9m	298.5m
Net profits	27.35m	25.26m
Net per share	2.27	1.99

BELL CANADA

	1980 $	1979 $
Fourth quarter		
Revenue	1.67bn	1.41bn
Net profits	92.2m	104.2m
Net per share	0.49	0.62
Year		
Revenue	6.04bn	5.26bn
Net profits	363.7m	433.2m
Net per share	2.00	2.64

BRUNSWICK

	1980 $	1979 $
Fourth quarter		
Revenue	306m	311.9m
Net profits	8.37m	12.92m
Net per share	0.37	0.60
Year		
Revenue	1.2bn	1.26bn
Net profits	23.93m	51.43m
Net per share	1.01	2.39

CITY INVESTING

	1980 $	1979 $
Fourth Quarter		
Revenue	1.39bn	1.31bn
Net profits	21.76m	36.89m
Net per share	0.62	1.41
Year		
Revenue	5.39bn	5.04bn
Net profits	111.32m	132.55m
Net per share	3.56	5.07

CONSOLIDATED PAPERS

	1980 $	1979 $
Fourth quarter		
Revenue	136.3m	117.7m
Net profits	14.24m	13.97m
Net per share	1.32	1.31
Year		
Revenue	410.3m	445.4m
Net profits	52.57m	54.79m
Net per share	4.91	5.15

CONSUMERS POWER

	1980 $	1979 $
Fourth quarter		
Revenue	723.4m	573.5m
Net profits	71.62m	40.88m
Net per share	0.98	0.58
Year		
Revenue	2.3bn	2.02bn
Net profits	223.79m	203.79m
Net per share	3.08	3.24

CONTINENTAL GROUP

	1980 $	1979 $
Fourth quarter		
Revenue	1.23bn	1.16bn
Net profits	58.2m	44.8m
Net per share	1.58	1.18
Year		
Revenue	5.12bn	4.51bn
Net profits	225m	188.2m
Net per share	6.11	5.27

COPPERWELD

	1980 $	1979 $
Fourth quarter		
Revenue	114.9m	115.5m
Net profits	7.47m	4.86m
Net per share	1.31	0.85
Year		
Revenue	460.7m	493.4m
Net profits	18.98m	23.08m
Net per share	3.33	4.04

DILLINGHAM

	1980 $	1979 $
Fourth quarter		
Revenue	396.2m	339.6m
Net profits	6.82m	4.73m
Net per share	0.50	0.35
Year		
Revenue	1.36bn	1.15bn
Net profits	32.89m	29.69m
Net per share	2.41	2.18

DU PONT CANADA

	1980 $	1979 $
Fourth quarter		
Revenue	278.8m	232.6m
Net profits	9.31m	18.31m
Net per share	1.17	2.32
Year		
Revenue	995.3m	879.2m
Net profits	42.62m	58.26m
Net per share	5.38	7.37

FEDERAL MOGUL

	1980 $	1979 $
Fourth quarter		
Revenue	193m	169.1m
Net per share	0.66	0.65
Year		
Revenue	721m	663.3m
Net per share	2.87	3.31

GATX

	1980 $	1979 $
Fourth quarter		
Net profits	16.05m	15.97m
Net per share	1.24	1.24
Year		
Net profits	66.01m	55.52m
Net per share	5.10	4.33

GULF CANADA

	1980 $	1979 $
Fourth quarter		
Revenue	1.21bn	900m
Net profits	94m	82m
Net per share	0.41	0.36
Year		
Revenue	4.13bn	3.05bn
Net profits	380m	288m
Net per share	1.67	1.27

NATIONAL DISTILLERS AND CHEMICAL

	1980 $	1979 $
Fourth quarter		
Revenue	550m	543m
Net profits	30.83m	32.58m
Net per share	0.89	0.95
Year		
Net profits	103.35m	135.75m
Net per share	2.96	4.04

OWENS-ILLINOIS

	1980 $	1979 $
Fourth Quarter		
Revenue	977.8m	925.1m
Net profits	37.96m	34.49m
Net per share	1.28	1.18
Year		
Revenue	3.91bn	3.5bn
Net profits	149.4m	135.5m
Net per share	5.09	4.56

PITTSTON

	1980 $	1979 $
Fourth quarter		
Revenue	621.8m	456.7m
Net profits	15.43m	14.99m
Net per share	0.45	0.40
Year		
Revenue	2.05bn	1.65bn
Net profits	78.8m	62.64m
Net per share	2.06	1.45

ST. JOE MINERALS

	1980 $	1979 $
Fourth Quarter		
Revenue	275.4m	323.1m
Net profits	30.49m	8.58m
Net per share	0.08	0.19
Year		
Revenue	1.28bn	1.15bn
Net profits	117.08m	77.58m
Net per share	2.50	1.73

SOUTHDOWN INC.

	1980 $	1979 $
Fourth quarter		
Revenue	64.3m	58.1m
Net profits	8.53m	56.05m
Net per share	1.23	1.40
Year		
Revenue	243.4m	217.4m
Net profits	31.7m	29.47m

UNION CARBIDE CANADA

	1980 $	1979 $
Fourth quarter		
Revenue	237.5m	181.7m
Net profits	18.39m	20.38m
Net per share	1.71	1.92
Year		
Revenue	794.5m	685.9m
Net profits	79.61m	57.81m
Net per share	7.43	5.25

USAIR

	1980 $	1979 $
Fourth quarter		
Revenue	257.3m	205.8m
Net profits	18.21m	9.17m
Net per share	1.42	0.60
Year		
Revenue	971.8m	728.7m
Net profits	63.39m	33.43m
Net per share	4.71	2.64

U.S. INDUSTRIES

	1980 $	1979 $
Fourth quarter		
Revenue	295m	211m
Net profits	5.4m	11.2m
Net per share	0.19	0.42
Year		
Revenue	1.15bn	1.27bn
Net profits	21.1m	51.2m
Net per share	0.74	[illegible]

VARIAN ASSOCIATES

	1980 $	1979 $
Fourth quarter		
Revenue	153.5m	133.9m
Net profits	3.21m	4.27m
Net per share	0.40	0.50

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Thursday, February 12.

Closing prices on January 29

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amoco 13¾ 88	75	97⅛	97⅝	−0⅛	−0¼	13.85
CECA 11½ 88	100	91¼	91¾	0	0	13.36
CFE 13 87	75	†90½	91½	−0¼	+0¼	15.21
Citicorp O/S Fin. 10 86	300	87	87½	+0⅛	−0¼	13.42
Citicorp O/S Fin. 12 87	200	93⅛	93⅝	+0⅛	−0⅜	13.53
Con. Illinois O/S 9½ 86	150	84¾	85¼	−0¼	−0½	13.82
Denmark 11¾ 90	100	88¾	89¼	0	−0⅛	13.89
Dome Petroleum [illegible] 92	50	95⅝	97⅛	−0½	0	14.04
Dupont Canada 13½ 91	65	97½	97⅞	−0½	0	13.95
[illegible] 11 85 Mar	75	84½	84⅞	−0¼	−0¼	13.50
[illegible] 85 August	70	83½	83¾	+0½	0	13.64
[illegible]	100	99½	99⅝	−0⅛	+0⅛	13.84
[illegible] 87	75	83⅞	84⅜	−0½	−0¼	13.27
Elec. de France [illegible]	[illegible]	84½	84⅞	0	−0½	13.36
Elec. de France 13 88	125	97½	98	−0½	−0½	13.51
[illegible] 87	100	96½	96⅞	0	−0½	13.54
[illegible] Dev. Bank [illegible]	[illegible]	85⅝	86¼	−0⅛	−0¼	13.59
[illegible] Credit [illegible] 85	50	88½	88⅞	+0½	0	14.07
[illegible] 86	100	83⅛	83½	0	−0⅛	14.19
[illegible] Credit O/S [illegible] 83	150	96½	97½	−1½	−2⅛	15.95
[illegible]	250	90½	90⅞	0	−0½	15.72
Gaz de France 13½ 86	80	99¾	100¼	0	−0⅛	13.49
[illegible]	100	91⅛	91⅝	−0½	−0¼	14.03
GMAC O/S Fin. 12⅞ 88	100	93⅞	94½	−0¼	−0½	14.25
[illegible]	[illegible]	90½	91½	−0¼	−0⅝	13.86
GTE Fin. 13⅜ 86 (WW)	50	98⅛	98⅝	−0⅛	0	14.22
[illegible]	[illegible]	86⅝	87½	−0¼	−1¼	14.07
[illegible]	[illegible]	95½	96½	0	+0⅜	11.67
IBM Wld Trade 12½ 88	200	96½	97¼	−0⅛	−0¼	13.18
[illegible]	[illegible]	95¾	96¼	0	+0¼	13.44
[illegible] 90	50	86¼	86¾	+0⅛	+0⅛	13.31
[illegible]	[illegible]	88⅞	89⅜	−0⅛	+0¼	13.24
[illegible]	[illegible]	85½	85⅞	−0¼	−0½	14.77
[illegible]	100	85⅛	85⅞	0	−0⅞	14.07
[illegible]	50	92⅛	92⅝	0	0	13.62
[illegible] 85	50	96½	97	0	−0⅝	13.37
Sweden [illegible] 85	150	95	95½	−0⅛	−0½	13.77
[illegible]	50	94½	95	+0⅛	−0½	14.42
Swed. Ex. Credit 13 86	75	95¼	95¾	−0⅛	+0¼	14.32
Transamerica [illegible]	50	95¼	95¾	−0¼	−0½	14.42
Unilever NV 9¾ 90	100	81⅛	82⅛	−0⅛	−0¼	13.16
World Bank 9½ 85	200	87⅞	88⅜	−0¼	−0¼	13.47
World Bank 10⅛ 87	300	86⅞	87⅜	+0⅛	+0¼	13.34

Average price changes.. On day −0⅛ on week −0⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bk. 8¾ 90	100	91⅞	92⅝	−0⅛	−1½	9.62
Australia 8½ 90	250	96⅝	97⅛	+0⅛	0	8.61
Austria, Rep. of 8¾ 92	150	91⅝	92⅛	−0½	−1⅜	9.40
BFCE 8½ 95	100	91¾	92½	+0⅛	−0½	9.14
CECA 7⅞ 92	150	90¾	91½	−0⅛	−1½	9.14
CII-Honeywell 8⅞ 90	125	94	95	−0⅞	−1¾	9.25
Denmark 8¾ 92	100	94½	95½	−0½	−0⅛	8.98
EIB 8½ 90	200	95⅛	95⅞	−0¼	−0⅛	9.21
ESCOM 9½ 87	100	96⅞	97⅝	0	−0½	9.81
Iberduero SA 9 90	100	97⅜	98⅛	−0⅛	−0½	9.33
Ind. Bk. Finland 8½ 90	50	92¼	93¼	−0⅛	−1	9.67
Japan Air Lines 8½ 87	100	94⅞	95⅜	0	−1	9.08
Japan Dev. Bk. 7½ 87	100	91¾	92½	−0½	−1½	9.26
Kobe, City of 8 90	100	93⅛	93⅞	+0⅛	−0½	9.04
Midland Int. Fin. 8½ 90	180	95	95¾	−0⅛	−1½	9.23
Norway 7½ 85	250	94⅞	95⅜	−0⅞	−2	8.97
Nurlebras 9¾ 88	100	90¼	91	−0⅝	−1¼	11.64
OKB 8¼ 92	150	90½	91⅜	−0⅝	−1⅜	9.53
Oslo, City of 8½ 90	80	99¾	100	+0⅛	+0⅛	8.31
Venezuela, R. of 9¾ 90	150	96	96¾	−0¼	−1½	10.34
World Bank 8 90	700	90¾	91½	−0⅛	−1⅜	9.44
World Bank 10 86	150	103⅞	104⅜	−1	−1⅜	8.99
World Bank 10 90	200	105½	105⅞	0	+0¼	9.08

Average price changes .. On day −0⅛ on week −1⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria, Rep. of 5¾ 90	100	96¾	97	+0⅛	−0⅞	5.80
Bayer Int. Fin. 5¼ 92	100	96½	96¾	−1¼	−3	5.65
Bergen, City of 6 90	50	99¾	100	−0¼	−1	6.01
Buhrm'n-Tetterode 7 90	40	104¼	104¾	−0⅛	−0¾	6.34
Copenhagen Tele. 5¾ 90	60	94	94½	−0½	−0¾	6.57
Denmark 5¾ 90	80	95⅛	95⅝	+0½	−0½	6.39
EIB 4⅞ 94	100	†86	86½	+0⅞	+0⅞	5.87
Elec. de France 5¼ 90	100	97⅛	97⅞	−0¼	−1½	5.55
Eurofima 5¾ 92	80	†101	101½	0	0	5.60
F. G. H. Hypo. Bk. 6 90	50	†99	99½	−1	−1⅜	6.10
Finland, Rep. of 5⅝ 90	80	†93½	94	+0½	−0¼	6.52
GZB 4½ 89	100	86¼	86½	+0¼	−0¼	6.32
Int.-Amer. Dev. 7 90	80	104	104½	−0⅛	−0½	6.39
Japan Dev. Bk. 5¾ 90	100	99¾	100	0	−1½	6.76
Jutland Tele. 5½ 90	50	†94	95	−0½	−0¾	6.32
Mt. Blanc Tunnel 5½ 90	60	96½	97	0	−0⅞	5.95
Newag 5¾ 90	80	†99	99½	+0⅛	−0⅝	5.85
Nippon Tel. & T. 4¾ 89	100	93¾	94	+0⅝	+0⅜	5.14
Norges Komm. 4⅞ 91	100	86	86½	−0½	−0¼	6.18
OKB 4⅞ 91	100	85½	85¾	−0⅛	−1⅜	6.25
OKB 6 90	100	99¾	100½	0	−1½	6.00
Oslo, City of 4½ 91	100	85½	85¾	−0⅛	−0¼	6.35
Oslo, City of 5⅞ 90	30	99½	99⅞	−0½	−0⅞	5.90
Philips Lamps 5½ 92	100	94⅞	94¾	−0⅛	−1⅛	5.35
Sekisui Pre. Hms. 6 90	80	99	99¼	−0½	−2½	6.12
Shikoku El. Pwr. 4¾ 89	100	95¼	95½	0	−0⅛	5.44
Trade Dev. Fin. 6¼ 90	50	94	94½	−0⅛	−1½	6.98
Voest-Alpine 5¾ 90	80	96½	97	−0⅛	−1⅛	6.13

Average price changes .. On day −0⅛ on week −0⅞

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Australia 5.6 83	30	92⅛	93⅛	0	+0¼	8.75
Australia 6½ 88	20	88½	89¼	0	+0½	8.67
EIS 7⅜ 89	12	93½	94¼	0	+0½	8.80
Finland 5.6 83	10	91½	92⅛	+0¼	+0⅛	9.14
Finland 6.8 88	10	87⅞	88⅜	0	+0½	9.17
Finland, Rep. of 8½ 87	15	95½	97	0	+0½	9.16

Average price changes... On day 0 on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 10¾ 86 C$	60	91⅛	91⅞	0	0	12.92
CIBC 13½ 85 C$	50	†98¼	99	0	−0⅛	13.69
CIBC 11½ 85 C$	60	†92¾	93¼	+0¼	−0⅞	13.66
Federal Dev. 11¾ 90 C$	60	†85¼	86⅛	0	−1⅛	14.30
Fst. Can. Inv. 10 84 C$	50	†89¾	90½	0	−0⅛	13.88
R. Bk. Canada 10 86 C$	40	90⅝	91¾	0	−0½	12.46
Tordom Cpn. 13½ 85 C$	30	†98	98¾	0	−0½	13.97
M. Bk. Dnmk. 9 91 EUA	25	91	92	+0¼	−0⅛	10.33
SOFTE 8¼ 89 EUA	40	86⅞	86⅞	−0½	−0½	10.59
U. Bk. Nrwy. 9½ 90 EUA	18	98⅜	99⅛	0	−0⅛	9.66
Bk. Mees & H 10 85 Fl	75	99¾	100¼	−0⅛	−1¼	9.97
F. G. Hypo 9¾ 87 Fl	60	93½	94	−0½	−0⅛	11.11
Heineken NV 10 87 Fl	100	96¾	97¼	−0⅛	−0⅛	10.64
Nat. Inv. Bk. 10 87 Fl	75	96¾	97¼	−0⅛	−0½	10.63
Nat. Neder. 9½ 87 Fl	60	94⅛	94⅞	+0¼	−0⅝	10.66
Ned. Midd. Bk. 10 85 Fl	75	100½	100⅞	+0½	−0¾	9.86
Aero Paris 13¼ 87 FFr	150	96¼	97½	0	−0⅛	13.86
Charb'nages 13⅞ 85 FFr	400	99	100	−0¼	−0½	14.00
CECA 14¾ 86 FFr	150	99⅞	100⅞	0	−1	14.10
EIB 14⅛ 88 FFr	300	99¾	100¾	−0⅛	−0⅛	14.20
Finland 11 84 FFr	80	91	92	+0½	−0½	14.04
Gaz de France 11 84 FFr	150	91⅞	92⅞	0	−0½	13.68
La Redoute 14⅛ 85 FFr	125	96½	97½	−0⅛	−0⅝	15.26
Renault 9¾ 85 FFr	100	84⅝	85⅝	+0⅛	−0½	14.47
Utd. Mex. Sts. 14 85 FFr	150	98½	99½	0	−0⅞	14.26
Acona 14 85 £	20	94	94¾	[illegible]	−0½	15.70
Beneficial 14¼ 90 £	20	94	94½	−0⅛	−0⅛	15.41
Beneficial 14¼ 90 £	20	94⅜	94⅞	+0⅛	−0⅛	15.34
BNP 13½ 91 £	15	95¼	96½	+0⅛	−0⅛	14.25
CECA 13½ 88 £	20	95¾	96½	+0⅛	−0⅝	14.32
Citicorp O/S 13½ 90 £	50	95⅝	96	+0⅛	−0⅛	14.40
Fin. for Ind. 14½ 88 £	20	100⅜	100⅞	+0⅛	+0⅛	14.34
Fin. for Ind. 13¾ 87 £	20	97⅛	97⅞	+0⅛	0	14.31
Gen. Elec. Co. 12½ 89 £	50	94⅛	94⅞	−0⅛	+0⅛	13.64
Peugeot SA 14 90 £	23	94½	95¼	−0⅛	−0⅛	15.00
Rothschild 14½ 90 £	12	97⅞	98½	+0⅛	+0⅛	14.60
Swed. Ex. Cr 13½ 85 £	20	103⅛	103⅝	−0⅛	−0⅛	14.28
Bonnbras 8¼ 90 KD	7	†87¼	87¾	0	0	10.44
CCCE 8⅛ 91 KD	10	†82	82½	0	+0½	11.13
Sonatrach 8½ 90 KD	12	†88⅛	88⅝	0	0	10.53
Akzo 9¾ 87 LuxFr	500	91⅛	92⅛	0	+0⅛	11.06
Euratom 9¾ 88 LuxFr	500	95½	96½	+0¼	+0½	10.61
Eurofima 10½ 87 LuxFr	500	98½	99½	+0½	+0½	10.69
EIB 9¾ 88 LuxFr	600	96¼	97¼	−0⅛	−0⅛	10.43
Volvo 9¾ 87 LuxFr	500	91	92	0	+0⅛	11.60

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish Bank 5½ 87	0¼	98½	98⅞	2/7	16⅝	16.86
Bank of Montreal 5¼ 90	0¼	99½	100½	18/6	19½	19.50
Bank of Tokyo 5½ 89	‡0⅛	98¼	99¼	25/4	19.31	19.61
BBL Int. 5 86	0¼	98	98½	20/5	16½	16.79
Bergen Bk. A/S 6 89	‡0½	93	93½	29/2	18.19	18.51
BNP 5½ 88	0⅛	98¾	99½	29/1	14.44	14.58
CNT 5¼ 86	§0¼	98	98½	16/4	13¼	13.49
Citicorp O/S F. 84	‡0	99	99½	31/1	18⅜	18.51
C. Itoh 5¼ 87	0½	97¾	98½	18/3	12⅞	13.14
Co-operative Bk. 6 86	0½	97½	97⅞	15/5	15¼	15.62
Den Norske Credit 6 90	0⅛	97½	98⅛	5/2	15¾	16.09
Genfinance 5¼ 87	0½	97⅞	98½	30/4	15½	15.41
Giro und Bank 5¼ 91	0½	98¼	98¾	23/3	20½	20.81
GZB 5½ 89	‡0¼	98⅝	99¼	1/2	15.06	15.23
Jugobanka 8 89	0⅞	†91	93	23/5	16¼	18.21
Ind. Bank Japan 5¼ 87	0½	97⅝	98½	15/4	13.31	13.60
Ind. Bank Japan 5¼ 88	0¼	97⅛	97½	9/4	13½	13.43
Lloyds Eurofin 8 90 £	0¼	95	95½	3/7	14½	15.22
Lloyds Eurofin 5½ 92	0¼	98	98½	4/6	17¼	17.56
LTCB Japan 5¼ 86	0½	100⅛	100⅞	13/6	20.19	20.06
Man. Hanov. O/S 5¼ 94	‡0½	93	98½	29/2	18⅛	18.45
Midland Intl. Fin. 5 89	0½	100¼	100½	30/6	19.56	19.49
Midland Intl. Fin. 5¼ 92	0½	98	98½	5/6	17.19	17.49
Nacional Fin. 6¼ 86	0¼	98¾	99¼	25/7	17½	17.93
Nat. West. 5¼ 94	§0½	96½	96¾	14/4	13¼	13.73
Nat. West. 5¼ 92	§0¼	96½	97	23/4	13.69	14.15
Nippon Credit 5½ 87	‡0¼	99½	99⅝	6/2	16.05	16.16
Sparebanken 6 87	0¼	98¾	99¼	19/6	19⅝	20.08
Standard Chart. 5½ 90	0½	98⅛	98⅝	6/3	12.05	12.26
Svenska Hndlsbk 5 87	0¼	99	99½	15/7	17.21	17.95
Bq. E. d'Alg 4½ 89 SF	0⅝	90⅞	91⅞	12/6	7½	8.22

Average price changes... On day 0 on week +0⅛

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Bow Valley Inv. 8 95	4/81	23.12	103⅝	104⅝	−0⅛	18.32
Canon 6¾ 95	1/81	829	113	114	−1⅛	3.34
Credit Suisse 4¾ 93	10/79	1278	99½	101	−5¾	−8.04
Digicon Fin. 8½ 95	10/81	29.5	99½	101	0	16.52
Enserch Fin. 9½ 94	7/80	30.25	155½	156½	−0½	−2.44
Hancon O/S Fin. 9½ 95	1/81	1.92	100⅞	101⅞	−0⅛	−3.36
Ino Overseas 8¼ 2000	4/81	42	100	101½	−0½	11.36
Inchcape Ltd. 8 95	2/81	4.55	93½	94½	−0½	−1.32
Jaccs 7½ 95	11/80	565	132	133	+3	2.66
Marion Int. Fin. 9 95	12/80	23.25	97½	99	−0½	0.41
Matsushita El. 7½ 95	11/80	590	103¾	104¾	−0¼	4.75
MEPC 9½ 95	2/81	2.47	100½	101½	+1	6.73
Niigata Eng. 7¼ 95	1/81	327	104	105	−1½	−1.21
Nissho-Iwai Co. 8 95	10/80	338	95½	96⅛	−0⅛	−2.07
Ricoh 6½ 95	8/80	604	119¾	120¾	−1½	−1.16
Sumitomo M. Ind. 7 95	2/81	181	110⅞	111⅞	−0½	1.29
Swiss Bk. Cpn. 6¾ 90	9/80	200	89	91	+0½	12.32
Taylor Woodrow 8¾ 90	1/81	4.94	94¼	95¾	+0½	1.64
Transco Int. 8¾ 95	2/81	68	91½	92½	−1¼	24.53
Tricorp 8½ 95	12/80	31.25	91	92½	0	15.85
Union Bk. Switz. 5 89	2/80	121.4	84½	86½	−2½	−16.58
Fujitsu 5 84 DM	7/79	431.5	141	142	−2¾	−3.02
Sharp Cpn 6½ 88 DM	9/80	595	136⅞	137⅞	+0⅛	−2.75
Uny Co. 6½ 85 DM	11/79	967.3	113⅜	114⅜	−0¼	−1.19

* No information available—previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn = The current coupon. C.yld = The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv. date = First date for conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

France maps out fibre optics strategy

By David White in Paris

AN AGREEMENT on re-organising France's fibre optics sector, crucial to the Government's telecommunications programmes, is now virtually completed, according to industry representatives.

The agreement will bring in Corning Glass of the U.S., the undisputed world leader in this technology, as a minority shareholder in a new company which will, at least in early stages, have a monopoly of orders for the French Post Office for its mainland network. It will be the country's first full-scale *production unit.*

The leading role in this new company is to be given to Saint-Gobain-Pont-a-Mousson rather than to either of the country's two big manufacturers of orthodox telephone cables, the Thomson and CGE groups.

CGE's subsidiary, Cables de Lyon, whic hranks second in the world in fibre optics after *ITT's British subsidiary*, Standard Telephones and Cables, has been persuaded to *lift an exclusivity clause in a* manufacturing agreement it already has with Corning and is not taking part in the new company.

Thomson, which has just poled its cable interests with those of the Empain-Schneider group, is due to have 49 per cent of a joint holding company with Saint-Gobain, which will in *turn hold 66 per cen tof the new* fibre optics manufacturing unit. Corning glas will hold the *remaining 34 per cent.*

The deal, on which an official announcement is expected soon, confirms Saint-Gobain's new role as a Government-backed driving force in France's electronics industry. Diversifying rapidly away from its traditional activities — *glass and* metal tubes—the group has already branched out into semi-conductors and, through interests in Cii-Honeywell Bull and Italy's Olivetti, computers.

A stake in the Post Office's new investment plans is seen *as being part of its bargain* struck with the Government.

Optical fibres, a high-capacity replacement for copper telecommunications cables, are seen as particularly relevant to France's ambitions in long-distance computer technology. Saint-Gobain, Thomson and CGE have all been working in the fibre optics field.

CGE said it would continue its optical fibres activities using Corning know-how, although it would be excluded from the French Post Office's present operations, which mainly involve a "wired city" experiment in Biarritz.

CGE would specialise in submarine cables and industrial and military applications, and would remain in the export market.

Improved traffic volume helps KLM to cut loss

BY CHARLES BATCHELOR IN AMSTERDAM

CURRENCY translation profits helped KLM Royal Dutch Airlines to reduce losses in the third quarter of its current *financial year. The company also* improved its operating performance, increasing both the volume of traffic carried and its load factor.

The Dutch national airline report a net loss of Fl 3.4m ($1.5m) for the three months *ended December, compared with* a loss of Fl 11.9m the year before. As a result of this improvement, profits for the first nine months of 1980-81 fell by just Fl 4.1m to Fl 76m.

Traffic and other income rose 10 per cent to Fl 890m ($394m), while costs, including depreciation, were only 8 per cent higher at Fl 885m. The Fl 4.7m profit at the operating level compared with a loss of Fl 8.5m last time.

Operating profits were *boosted, however, by* net income of Fl 18.1m, which resulted from appreciation of the dollar, and a number of other currencies against the guilder. In the same quarter last year, KLM booked a loss of Fl 7.1m on currency translations.

Profits in the first nine months were also helped by currency movements. They produced net income of Fl 6.7m this year, compared with a loss of Fl 10m in the previous nine-month period.

The company made a loss of Fl 0.84 per share in the third quarter, compared with a loss of Fl 2.99 a year earlier, while nine-months per share profits fell to Fl 19.08 from Fl 20.09.

The *other major item in the* profit and loss account released yesterday was a Fl 500,000 loss on sales of assets, *compared* with a profit of Fl 4.7m

KLM increased carrying capacity by 2 per cent in the October to December period, but *achieved a 6 per cent rise in* traffic. This led to an increase in the load factor to 61.1 per *cent from 58.9 per cent.*

Scheduled passenger traffic was practically unchanged, freight rose 10 per cent, postal traffic was 22 per cent higher, while charter traffic rose 39 per cent.

Karstadt improves earnings

BY JONATHAN CARR IN BONN

KARSTADT of West Germany, Europe's largest retail stores group, increased profits *last year* despite a relatively small growth in turnover.

A key reason for the improvement was a cut in costs caused by introduction of no less than 35 new stores to the Karstadt network between 1976 and 1979.

These start-up costs continued to affect results in 1979, when after-tax profit fell to DM 43.2m ($21m) from DM 64m in 1978, and the dividend was cut to DM 6 per DM 50 share from DM 7.50.

A preliminary report did not specify the improvement in 1980 profits nor mention an increased dividend, but there have been some hints that shareholders *may expect a bonus this time.*

Kardstadt's overall turnover (including its Kepa Kaufhaus subsidiary) rose by 2.9 per cent *last year to DM 9.6bn.* Turnover of its travel section grew only 1 per cent to DM 345m, reflecting the stagnation throughout much of the tourism sector.

The figures do not include the results of the ailing mail order and travel subsidiary, Neckermann, which Karstadt saved from financial collapse four years ago. Karstadt announced new Neckermann support measures earlier this month.

● Sharply rising raw materials and energy costs forced a so far unspecified cut in profits last year at Chemische Werke Huels (CWH), the key chemicals subsidiary of the Veba group.

The company put these extra costs at DM 500m only about DM 400m of which could be passed on in higher prices. In *1979 CWH recorded net profit of* DM 84.1m and paid a 14 per cent dividend.

CWH parent company sales volume fell last year by 1.2 per cent to 5.4m tonnes, but because of price increases, turnover was up by 5.7 per cent to DM 4.8bn, group turnover rose by 3.4 per cent to DM 5.7bn.

Overall investment rose sharply to DM 452m against DM 127m in 1979. Of the total, DM 182m went on fixed assets and much of the remainder to purchase of a 48.3 per cent stake in Roehm, an important plexiglass manufacturer.

Veba's five-year plan, 1981-85, foresees total investment of DM 17bn, *of which DM 1.7bn is* to go to CWH.

Rabobank checked by bad debts

BY *OUR AMSTERDAM CORRESPONDENT*

RABOBANK, THE Dutch agri-*cultural co-operative bank,* reports a sharp slowdown in the growth of new lending in 1980 and a large rise in write-offs for bad debts.

The bank, which changed its name to Rabobank Nederland from Centrale Rabobank, nevertheless achieved a "satisfactory" level of profit. It reported net profits for 1979 of Fl 330m ($146m).

The balance sheet total last year rose 14 per cent to *Fl 98bn. Much of this increase* was due to foreign business. The bank will review whether it should slow the rate of growth of its foreign activities to prevent them becoming too *important a part of its total* business.

The rate of new credit growth *in 1980 was only half the level* of preceding years, when new loans worth around Fl 18bn were granted annually. A positive result of this slowdown was an improvement in the bank's liquidity.

Business improved in the second half of last year, a reversal of the trend reported by the Dutch commercial banks. *Credit demand is nevertheless* nulikely to recover to a desirable level this year.

Rabobank is working on plans to set up a participation company together with a number *of other large institutions.* Algemene Bank Nederland and Nederlansche Middenstandsbank *have already set up companies* to take equity capital stakes in promising small businesses following the relaxation of central bank controls.

Unico Banking Group, in which Rabobank and co-operative banks from five other European countries, have stakes, plans to set up an East-West trading company in Vienna.

Rabobank looks after the interests of 978 affiliated banks, which together with the organisation's headquarters employ nearly 27,000 people.

Major funding move by Olivetti

By James Buxton in Rome

OLIVETTI, the Italian business machines and electronics concern, yesterday launched, a capital raising operation *which* will bring in L160bn ($161m).

The company is to issue L60bn worth of savings shares —a type of Preference share— *and L120bn* worth of bonds.

The operation is designed to strengthen the company's financial position at a *time* when it is growing, developing new products, and seeking to expand in telecommunications.

Last month Olivetti announced that it expected its profits for 1980 to increase four-fold, to about L100bn compared with L23bn in 1979. As a result it is repaying in advance some L37bn worth of medium-term debt, *which had been due for repay*ment in 1983.

Last June the French electronics and *telecommunication* company Saint Gobain-Pont-a-Mousson took a 20.5 per cent *stake in Olivetti.* There *have* been reports that it is seeking another foreign partner, perhaps in West Germany.

The savings shares will carry priority dividend rights and will be convertible into Ordinary shares after three years. They have tax advantages for most Italian investors and will be offered to existing shareholders at the rate of two per 25 common or Preference shares.

The bond issue will have a life of 10 years and will be convertible into common or savings shares after three years. It will be offered at a rate of two-for-five existing common or *preferred shares or* bonds

The operation, which will boost Olivetti's capital to about L269bn *from* L108.7bn, will be put to shareholders in May.

The Olivetti capital raising operation follows the launching of similar schemes for two of Italy's other big private companies. Fiat which is raising L561bn and Pirelli L100bn, as well as a considerable number of smaller concerns.

One reason for this upsurge in funding is the revival of interest in the Milan Stock Exchange, where share prices more than doubled *last* year and where they have already risen by 20 per cent in the first 29 days of 1981.

Turkish bus maker to double output

By Metin Munir in Istanbul

OTOMARSAN, the Turkish bus maker which is affiliated to Daimler-Benz is planning to double annual output to 3,000. The company has purchased land in Corlu, 100 kilometres west of Istanbul, and is planning to switch production there from its present premises in Istanbul's Davutpasa industrial district.

Dr. Manfred Udo Ahlsdorff, a director, has no doubts about the expansion. "I can easily sell *double* what we now manufacture," he said.

This optimism contrasts strikingly with the problems Turkish industry has had to face since the beginning of the economic crisis in 1977. The automotive industry, which operated at 25 per cent of capacity last year, has been badly hurt. Both Fiat and Citroen have shelved expansion plans.

Dr. Ahlsdorff said that his plant would work at full capacity in 1981 and export 45 per cent of output.

Daimler-Benz owns 36 per cent of Otomarsan. The German motor group has been operating in Turkey for 10 years.

Rank Xerox to cut Dutch jobs

By Our Amsterdam Correspondent

RANK XEROX, the Anglo-American office equipment group, announced plans to shed more than 15 per cent of its workforce of 2,600 at its main continental European assembly plant at Venray in the Netherlands.

The company *said it* would lay off 423 employees in the administrative, quality control and stores sections over the next 18 months. A further 115 production jobs are also threatened and these will disappear by natural wastage unless new activities can be developed at the plant.

Rank Xerox blamed the cuts on strong Japanese competition at the bottom end of the photocopier market as well as technological advances which have reduced the manpower needed to make copiers. Demand for *copiers* is still expanding, although the rate of growth is slowing from 20 per cent *anually to an estimated* 10 per cent by the mid-1980s.

Unions representing the workforce expressed opposition to the move and said they would call in external consultants to see if the cuts were necessary. Production levels are still reasonable and the operation is profitable, a union official said.

The company, which is jointly owned by Xerox of the U.S. and the British Rank Organisation, has annual turnover of more *than $400m.*

Landis plans rights issue as annual income flattens

BY JOHN WICKS IN ZÜRICH

LANDIS and Gyr, the Swiss engineering company, will recommend an unchanged dividend of 10 per cent and a one-for 12 rights issue following 1980 profits unchanged from SwFr 59m ($31m) in 1979.

This would be the fourth consecutive year and the 22nd year since 1957 that it has made a *rights issue. No details of the* issue are yet available.

Group turnover reached a record in 1980, rising by 11 per cent to SwFr 1.14bn ($600m). New orders rose 13 per cent to SwFr 1.22bn ($642m).

Despite this improvement in business, cash flow rose only slightly to SwFr 114m.

Most product groups and subsidiaries had good results in 1980, according to a letter to shareholders, although developments were "unfavourable" in the U.S., U.K. and France.

At the same time, earnings suffered because output—up 15 per cent to SwFr 1.21bn—exceeded sales with a corres-*ponding rise in stocks.*

Landis and Gyr recorded a particularly marked expansion in its air-conditioning operations, where output rose in value terms by 34 per cent from 1979. Because of a time-lag in deliveries, however, actual sales of this division rose by only 23 per cent.

Chemical plant cancelled

BY SUE CAMERON, CHEMICALS CORRESPONDENT

AIR PRODUCTS and Chemicals of the U.S. has cancelled plans to build a $20m chemicals intermediate plant in the Netherlands, mainly because it expects opposition from environmental lobbies to delay the start of construction and increase the final cost.

Air Products has already completed design and engineering plans and placed some orders for machinery and equipment. But building work on the site, in the South Limburg province has not yet begun.

The plant would have had a capacity of 30,000 tonnes a year of polymer emulsion, an intermediate used in the making of packaging materials, laminates and adhesives.

The provincial inspector of public health in South Limburg has appealed against the operating permits granted to the plant last April.

Air Products said it believed the permits would eventually be approved but added that delays resulting from the appeal had "substantially inflated the project's cost." They would also postpone the scheduled completion date from late 1981 to late 1983.

Henkel lifts turnover by 11%

By Our Financial Staff

HENKEL, the West German detergent and chemical company, had "generally pleasing" earnings in 1980, and world group sales rose about 11 per cent from the 1979 total of DM 6.8bn ($3.3bn).

In 1979, Henkel had group net earnings of DM 81.58m, up from DM 66.961m in 1978.

Sales of chemicals contributed to the positive trend in earnings, but brand-name products "couldn't keep up" with higher costs in a competitive market.

Sharp rise in first-half earnings at Everite

By Jim Jones in Johannesburg

EVERITE, the 46 per cent owned South African asbestos cement products subsidiary of the Eternit group of Switzerland, increased pre-tax profits by 79.6 per cent to R15.5m ($20.5m) for the six months to December 1980. For the corresponding period of 1979 pre-tax profit was R8.63m and R17.45m was reported for the year to June. Turnover was 31.6 per cent higher at R66.0m ($87.4m) against R50.1m in the first half of 1979-80 and R105.1m for the full year.

Increased demand was experienced for the entire range of Everite's products—asbestos cement, pitch fibre, and plastic pipes—with greater activity in the South African construction and building industries. The directors believe that demand will be maintained during the current half year, but warns that the rate of profit growth is unlikely to be repeated.

The company's fibre-reinforced cement manufacturing facilities are operating at almost full capacity, and this is expected to result in some deterioration of profit margins in the division. A R7m fibre cement plant is currently under construction in the Transvaal and should ease some of the pressure on manufacturing capacity when it comes into operation.

An interim dividend of 12 cents has been paid from first-half earnings of 50.5 cents per share. Last year the interim dividend was 7.5 cents and first-half earnings 27.3 cents. A 28 cents dividend total was declared for the full year from earnings of 62.5 cents.

Advance by Kajima

By Our Financial Staff

KAJIMA CORPORATION, the Japanese civil engineering and construction concern, has reported an increase of 6.2 per cent in after-tax profits for the financial year to November 30, 1980, to Y14.34bn ($70.8m), from the Y13.5bn recorded in the 12 months to the previous November.

Sales rose by 11.9 per cent to Y705.54bn ($3.5bn), from Y630.79bn in 1978-79.

The dividend for the year is Y9 a share, the same as in the previous year.

Dunlop Olympic for NBH offer if share price holds

BY JAMES FORTH IN SYDNEY

THE DIRECTORS of Dunlop Olympic, the industrial group in which Dunlop of the UK has an 8.4 per cent interest, and its independent advisers, Hill Samuel Australia, have recommended that shareholders accept the A$160m (US$188m) partial takeover bid by North Broken Hill (NBH). However the recommendation is based on a share price of A$3.40 for NBH and Hill Samuel has pointed out that if the market price of NBH fell to A$3.00 it would no longer regard the offer price as fair and reasonable and that it might not be in the interests of Dunlop Olympic holders to accept.

The recommendations and Hill Samuel's report are contained in the Dunlop Olympic part B statement to be included in the NBH formal offer documents.

When North first announced an offer last month, its shares were priced at A$3.75. They moved up to A$4.10 before tumbling in the current market slide. Earlier this week they touched A$3.15 and yesterday closed at A$3.25. The Dunlop Olympic board recommends the offer price "assuming no change in material circumstances." Hill Samuel concludes that Dunlop Olympic has the potential for earnings per share to grow at better than the average for industrial companies.

They cite a number of factors including rationalisation benefits from the automotive division following the recent merger of Dunlop and Olympic, increased earnings from Olex Cables and other activities, and a recovery in profits of the New Zealand textile offshoot, Prestige Holeproof.

Hill Samuel said that the combined profits of Dunlop Olympic for the first four months of the current year are higher than comparable earnings for the same peiod last year and the results for the full year are expected to show a gain. The merchant bank estimates combined profits of A$35.5m for 1980-81 or 18.4 cents a share. Hill Samuel considers that if Dunlop Olympic was to remain independent without a dominant shareholder, its share price would be likely in the short term to rise materially above the 95 cents ruling before the NBH offer. But it considers that the value of the bid for 45 per cent of Dunlop Olympic shares significantly exceeds their likely market value in the foreseeable future. Dunlop Olympic shares closed yesterday at A$1.07 ex-offer.

Expo Oil seeks A$21m capital

BY OUR SYDNEY CORRESPONDENT

EXPO OIL NL is seeking A$21m (US$25m) from Australian investors, most of which is earmarked for exploration in the U.S. and Canada. Expo has joined with the Canadian group, Coseka Resources, one of the fastest growing Canadian oil and gas companies, formed in 1972.

Coseka is listed on the Toronto and Vancouver stock exchanges and is capitalised at about $300m. Expo has already entered an "acquisition sharing agreement" under which it can buy prospects from Coseka, and the Canadian group will then fund the drilling to earn a 50 per cent interest.

Expo will offer 100m ordinary shares at 20 cents each, and 100m 1 cent options. The issue is fully underwritten by the Sydney sharebrokers Jones, Grice and Co. and Hattersley and Maxwell. Expo intends to spend 75 per cent of the funds raised in the float, up to C$20m on Coseka prospects. Of this about one third will be spent in Canada and two thirds in the U.S. The balance of the funds can be spent in Australia, or elsewhere, but there are no plans at present to explore in Australia.

Once Coseka has earned a 50 per cent interest in any prospect acquired by Expo the two companies will contribute equally to further expenditure. Expo can require Coseka to undertake the further expenditure beyond this point without diluting its 50 per cent stake. Coseka can only recover its outlay from production income, but would be entitled to 300 per cent of the amount contributed on behalf of Expo.

Expo has been organised by Mr. Martin Baral, the Sydney businessman, and a former joint managing director of Buka Minerals. He will be managing director and will control the bulk of vendor shares. A total of 25m ordinary restricted or vendor shares have been allotted to Expo directors, and vendor holdings are limited to a maximum of 20 per cent of the capital.

Th directors include Sir Frederick Deer, a director of several Australian companies (chairman), Mr. S. Baral (solicitor) Mr. N. Ellis (financial consultant), Mr. C. van Brink, former managing director of the coal producer, Clutha Development, Mr. B. Jones, the petroleum consultant and former president of Canadian Superior (Australia), Mr. A. Joplin, president and chief executive of Canadian Pacific (Bermuda) and Mr. G. Wilkinson, president of Stand Skat Resources, Canada. Subscription lists open February 18.

Jardine merges insurance brokers in Australia

SYDNEY—Jardine Matheson and Company, the Hong Kong trading house, has merged its Australian insurance broking interests, to form Jardine Glanvill Insurance Brokers Pty. with a premium income of about A$90m (U.S.$105m) a year, Mr. Simon Keswick, a director of Jardine Matheson and chairman of its international broking activities, announced.

The new company is a consolidation of Glanvill Holland Pty, T. P. Clark and Chapman Pty. and Thompson Graham Australia Pty. Jardine has invested A$50m over the past five years in the insurance broking business in Australia. Reuter

Dividend increase at Brambles Industries

By Our Sydney Correspondent

BRAMBLES INDUSTRIES, the transport and materials handling group, has raised its interim dividend after posting a 32 per cent increase in profit, from A$8.76m. to A$11.57m. (U.S.$13.6m) for the half-year to December.

In addition, the group realised extraordinary profits of A$17.4m, largely from the recent sale of its shareholding in Ampol Petroleum.

The profit growth outstripped that of sales, which rose by 15 per cent from A$141m to A$163m (U.S.$192m). The interim dividend has been lifted from 5.5 cents a share to 6.5 cents. Last year, Brambles paid a final 6.5 cents, taking the annual payout from 10.5 cents to 12 cents.

Dividends from investments rose from A$1.8m to A$2.3m in the six months, and included an interim dividend from GKN Chep of the UK. The directors described the result as "excellent," and said that all major divisions reported increased sales and earnings. The company was continuing with an extensive capital expenditure programme in mobile equipment and facilities. The Chep materials handling group was expanding in Australia and overseas.

The Transurety securities services group reported considerably increased sales and profits, while the marine and oil and gas division had several major developments pending.

Adsteam and IEL directors for Tooth

By Our Sydney Correspondent

THE DIRECTORS of the major brewer, Tooth and Co. have agreed to board representation for two companies, DJ's Properties, which is controlled by Adelaide Steamship (Adsteam) and Industrial Equity (IEL), which emerged as major shareholders after heavy market buying of Tooth shares late last year.

DJ's Properties picked up 22.9 per cent of Tooth, and IEL holds a little more than 11 per cent. Another 20 per cent of the brewer's capital was acquired by Tooth's rival, Castlemaine Tooheys and its major shareholders, Allied Breweries of the UK.

The Tooth directors have agreed to invite Mr. John Spalvins, the chief executive of Adsteam and DJ's Properties, and Mr. Ronald Brierley, head of IEL, to join the board. But they extracted assurances from both men as the price of representation.

Mr. Spalvins and Mr. Brierley agreed to use their influence to ensure that Tooth would continue as an autonomous publicly listed company, that the rights of all employees would be fully maintained, and that the present management would continue. The Tooth directors said the discussions had established that all parties had compatible aims for the future of Tooth.

Sembawang Shipyard lifts profit

By Georgie Lee in Singapore

SEMBAWANG SHIPYARD, the major Singapore ship-repairer, has chalked up a 74 per cent rise in group pre-tax profits to S$87.5m (U.S.$42m) for the year to end 1980.

Trading profits also increased by 75 per cent to S$86.4m, and after tax up by 88 per cent to S$35.4m, net profits were 65 per cent higher at S$52.1m. The dividend is raised from 20 per cent to 30 per cent gross.

The group also made an extraordinary gain of S$3.9m from the sale of long term investments.

Joint venture in Malaysia for Safinco

By Wong Sulong in Kuala Lumpur

A JOINT VENTURE agreement has been signed between Malaysia's largest plantation agency, the Federal Land Development Authority (FELDA) and a Belgian company N. V. Safinco, for a project to refine and manufacture palm oil products.

The joint venture company, F. S. Oils Berhad, will have a paid-up capital of 10m ringgit (US$4.5m), FELDA will take 66 per cent of the equity, and Safinco 34 per cent.

F. S. Oils will build a 16m ringgit palm oil refinery at Kuantan, in Pahang State, later this year, to refine crude palm oil from the surrounding FELDA estates. Full production is expected by 1983.

Mr. Raymond Vandemoortele, president of Safinco, said the plant would initially have an annual refining capacity of 60,000 tonnes, and its products (margarine, ghee, cooking oil and confectionary oils) would be exported to Safinco's traditional markets in South America and Europe. Markets in China and Japan would be explored at a later stage.

WORLD VALUE OF THE DOLLAR

Bank of America NT & SA, Economics Department, London

The table below gives the rates of exchange for the U.S. dollar against various currencies as of Wednesday, January 28, 1981. The exchange rates listed are middle rates between buying and selling rates as quoted between banks, unless otherwise indicated. All currencies are quoted in foreign currency units per one U.S. dollar except in certain specified areas. All rates quoted are indicative. They are not based on, and are not intended to be used as a basis for, particular transactions.

Bank of America NT and SA does not undertake to trade in all listed foreign currencies, and neither Bank of America NT and SA nor the Financial Times assume responsibility for errors.

COUNTRY	CURRENCY	VALUE OF DOLLAR
Afghanistan	Afghani (O)	44.00
Albania	Lek	4.1964
Algeria	Dinar	3.8325
Andorra	French Franc	4.80
	Spanish Peseta	81.845
Angola	Kwanza	27.627
Antigua	E. Caribbean $	2.7025
Argentina	Argentine Peso	1940.00
Australia	Australian $	0.8506
Austria	Schilling	14.72
Azores	Portug. Escudo	54.87
Bahamas	Bahamian $	1.00
Bahrain	Dinar	0.3769
Balearic Isles	Spanish Peseta	81.845
Bangladesh	Taka	15.5495
Barbados	Barbados $	2.01
Belgium	B. Franc (C)	33.022
	B. Franc (F)	33.435
Belize	Belize $	2.00
Benin	C.F.A. Franc	240.00
Bermuda	Bda $	1.00
Bhutan	Indian Rupee	8.025
Bolivia	Bolivian Peso	25.00
Botswana	Pula	0.7389
Brazil	Cruzeiro	68.27
Brit. Virgin Isles	U.S. $	1.00
Brunei	Brunei $	2.071
Bulgaria	Lev	0.87
Burma	Kyat	6.7271
Burundi	Burundi Franc	90.00
CameroonRepub'c	C.F.A. Franc	240.00
Canada	Canadian $	1.1928
Canary Islands	Spanish Peseta	81.845
Cape Verde Isle	Cape V. Escudo	36.51
Cayman Islands	Cay. Is. $	0.835
Cent. Af. Rep.	C.F.A. Franc	240.00
Chad	C.F.A. Franc	240.00
Chile	Chilean Peso (O)	39.00
China	Renminbi Yuan	1.575
Colombia	Col. Peso (O)	50.97
Comoros Islands	C.F.A. Franc	240.00
Congo(Brazzaville)	C.F.A. Franc	240.00
Costa Rica	Colon	8.57
Cuba	Cuban Peso	0.7313
Cyprus	Cyprus Pound	0.3513
Czechoslovakia	Koruna (O)	5.60
DemRep.SaoTome & Principe	S. Tome Dobra	36.1098
Denmark	Danish Krone	6.4035
Djibouti Rp. of	Djibouti Franc	166.196
Dominica	E. Caribbean $	2.7025
Dominican Repub.	Domin'cn Peso	1.00
Ecuador	Sucre	28.10
Egypt	Egyptian pound	0.69
El Salvador	Colon	2.50
Equatorial Guinea	Ekuele	163.69
Ethiopia	Birr (O)	2.0465
Faroe Islands	Danish Krone	6.4035
Falkland Islands	Falkland Is. £*	2.4068
Fiji	Fiji $	0.7905
Finland	Markka	3.943
France	French Franc	4.80
French C'ty in Af.	C.F.A. Franc	240.00
French Guiana	Local Franc	4.80
French Pacific Is.	C.F.P. Franc	81.0204
Gabon	C.F.A. Franc	240.00
Gambia	Dalasi	1.662
Germany (East)	Ostmark (O)	2.0838
Germany (West)	Deutschemark	2.0838
Ghana	Cedi	2.75
Gibraltar	Pound*	2.4068
Greece	Drachma	48.55
Greenland	Danish Krone	6.4035
Grenada	E. Caribbean $	2.7025
Guadaloupe	Local Franc	4.80
Guam	U.S. $	1.00
Guatemala	Quetzal	1.00
Guinea Bissau	Peso	35.1125
Guinea Republic	Syli	19.699
Guyana	Guyanese $	2.5594
Haiti	Gourde	5.00
Honduras Repub.	Lempira	2.00
Hong Kong	H.K. $	5.2442
Hungary	Forint	32.6534
Iceland	New I. Krona	6.00
India	Ind. Rupee	8.025
Indonesia	Rupiah	625.00
Iran	Rial	70.00
Iraq	Iraq Dinar	0.2955
Irish Republic	Irish Punt*	1.8002
Israel	Shekel	7.91
Italy	Lira	988.50
Ivory Coast	C.F.A. Franc	240.00
Jamaica	Jamaican Dollar	1.7855
Japan	Yen	203.20
Jordan	Jordan Dinar	0.3125
Kampuchea	Riel	n.a.
Kenya	Kenya Shilling	7.7087
Kiribati	Australian $	0.8506
Korea (Nth)	Won	0.94
Korea (Sth)	Won	662.50
Kuwait	Kuwait Dinar	0.2709
Lao P'pls D. Rep.	New Kip	10.00
Lebanon	Lebanese Pound	3.827
Lesotho	Loti	0.7544
Liberia	Liberian $	1.00
Libya	Libyan Dinar	0.2961
Liechtenstein	Swiss Franc	1.883
Luxembourg	Lux Franc	33.022
Macao	Pataca	5.305
Madagascar D. R.	MG Franc	240.00
Madeira	PortugueseEscudo	54.87
Malawi	Kwacha	0.8386
Malaysia	Ringgit	2.214
Maldive Islands	Mal Rupee	3.93
Mali Republic	Mali Franc	480.00
Malta	Maltese Pound	0.3602
Martinique	Local Franc	4.80
Mauritania	Ouguiya	48.00
Mauritius	M. Rupee	7.9801
Mexico	Mexican Peso	23.415
Miquelon	French Franc	4.80
Monaco	French Franc	4.80
Mongolia	Tugrik (O)	3.3555
Montserrat	E. Caribbean $	2.7025
Morocco	Dirham	4.5235
Mozambique	Moz. Escudo	38.7726
Namibia	Rand	0.7544
Nauru Is.	Aust. $	0.8506
Nepal	Nepalese Rupee	12.00
Netherlands	Dutch Guilder	2.2637
NetherlandAntilles	Antillian Guild	1.80
New Zealand	NZ $	1.0447
Nicaragua	Cordoba	10.00
Niger Republic	C.F.A. Franc	240.00
Nigeria	Naira (O)	0.5266
Norway	Norw'g Krone	5.401
Oman, Sultanate of	Rial Omani	0.3456
Pakistan	Pkst. Rupee	9.625
Panama	Balboa	1.00
Papua N.G.	Kina	0.6458
Paraguay	Guarani	137.50
Peoples D. Repub. of Yemen	S. Yemen Dinar	0.3415
Peru	Sol	350.00
Philippines	Ph. Peso	7.65
Pitcairn Islands	NZ $	1.0447
Poland	Zloty (O)	31.00
Portugal	Port. Escudo	54.87
Port Timor	Timor Escudo	n.a.
Puerto Rico	U.S. $	1.00
Qatar	Qatar Ryal	3.6395
Reunion Ile de la	French Franc	4.80
Romania	Leu	4.47
Rwanda	Rwanda Franc	92.84
St. Christopher	E. Caribbean $	2.7025
St. Helena	Pound*	2.4068
St. Lucia	E. Caribbean $	2.7025
St. Pierre	Fr Franc	4.80
St. Vincent	E. Caribbean $	2.7025
Samoa American	U.S. $	1.00
San Marino	Italian Lira	988.50
Saudi Arabia	Saudi Riyal	3.3305
Senegal	C.F.A. Franc	240.00
Seychelles	S. Rupee	5.5385
Sierra Leone	Leone	1.1855
Singapore	Singapore $	2.071
Solomon Islands	S.I. $	0.7946
Somali Republic	Som. Shilling	6.0241
South Africa	Rand	0.7544
Spain	Peseta	81.845
Spanish Ports in North Africa	Sp. Peseta	81.845
Sri Lanka	S. L. Rupee	17.8453
Sudan Republic	Pound (2)	0.50
Sudan Republic	Pound (1)	0.80
Surinam	S. Guilder	1.80
Swaziland	Lilangeni	0.7544
Sweden	S. Krona	4.5525
Switzerland	Swiss Franc	1.883
Syria	Syria Pound	3.9262
Taiwan	New Taiwan $ (O)	36.00
Tanzania	Tan Shilling	8.1104
Thailand	Baht	20.50
Togo Republic	C.F.A. Franc	240.00
Tonga Islands	Pa'anga	0.8506
Trinidad & Tob.	Trin. & Tob. $	2.4063
Tunisia	Tunisian Dinar	0.3985
Turkey	Lira	91.90
Turks & Caicos	U.S. $	1.00
Tuvalu	Australian $	0.8506
Uganda	Ug. Shilling	7.7087
United Arab Emir.	UAE Dirham	3.6731
United Kingdom	£ Sterling*	2.4068
Upper Volta	C.F.A. Franc	240.00
Uruguay	Urug. Peso	10.09
U.S.S.R.	Rouble	0.6731
Vanuatu	FNH	77.5695
Vanuatu	Aust. $	0.8506
Vatican	Italian Lira	988.50
Venezuela	Bolivar	4.2932
Vietnam	Dong (O)	2.18
Virgin Islands U.S.	U.S. $	1.00
Western Samoa	Samoan Tala	0.9285
Yemen	Rial	4.57
Yugoslavia	New Y. Dinar	29.57
Zaire Republic	Zaire	3.302
Zambia	Kwacha	0.8174
Zimbabwe	Zim $	0.6561

n.a. Not available. * U.S. dollars per National Currency unit. (O) Official rate. (C) Commercial rate. (F) Financial rate.
(1) Sudan—Official rate for specified exports and imports. (2)—Sudan—Official rate for all transactions except specified exports and imports.
(3) Egypt—A different rate applies to certain transactions with non-IMF countries.
(4) From January 1, 1981, Iceland introduced a new crown equivalent to 100 units of old currency.

Companies and Markets

CURRENCIES, MONEY and GOLD

$ stays firm

Dollar remained firm in the foreign exchange market yesterday reflecting optimism about President Reagan's economic plans. The Administration has predicted that unemployment will fall, gross national product will rise, and inflation will be cut to 5 per cent by 1984 as a projection of the planned cut in Federal spending and other moves. There were no new factors influencing trading, but the Polish situation and very depressing economic news from West Germany continued to overhang the market.

Sterling lost ground to the dollar, but recorded further advances against Continental currencies, rising to its highest closing level against the French franc for over 6½ years, and finishing at an all time closing peak against the lira.

European currencies were again weak, with the D-mark replacing the Belgian franc as the second weakest EMS member.

DOLLAR—the trade-weighted index (Bank of England calculation) rose to 88.8 from 88.4, the highest since last April. The U.S. currency continued to advance, touching a peak of DM 2.0990 against the D-mark, before finishing at DM 2.0950, the highest close since June 1978, and compared with DM 2.0845 on Wednesday. The dollar also rose against the Swiss franc, closing at SwFr 1.9030, compared with SwFr 1.8810. The yen remained firm however, with the dollar rising to only Y204.60 from Y204.40.

STERLING — trade-weighted index (Bank of England) 81.4 compared with 81.6, after standing at 81.5 at noon and 81.3 at the morning. The pound opened at $2.4070-2.4080, the highest level of the day, and fell to $2.4040 at noon and $2.4010 by mid-afternoon. It touched a low of $2.3955-2.3965, and closed at $2.3970-2.3980, a fall of 1.15 cents on the day. Sterling was unchanged at DM 5.0250 against the D-mark, but rose to FFr 11.5650 from FFr 11.5575 in terms of the French franc.

D-MARK—Remaining weak near the bottom of the European Monetary System, reflecting Germany's poor balance of payments position and slower than expected economic growth rate. The steadier trend in U.S. interest rates has also depressed the D-mark, with tension over Poland still a market factor.—The D-mark was the second weakest member of the EMS yesterday, but improved slightly against most of its EMS partners at the Frankfurt fixing. The French franc eased very slightly to DM 43.40 from DM 43.41 per 100 francs, the Belgian franc to DM 6.234 from DM 6.241 per 100 francs, and the Italian lira to DM 2.1070 from DM 2.1100 per L1,000. On the other hand the dollar rose to its highest fixing level since June 1978 at DM 2.0923, compared with DM 2.0845 at the Wednesday fixing. The Bundesbank intervened to sell $33.7m at yesterday's fixing, and was probably active in the open market on a moderate scale. The market was very nervous about the continuing unrest in Poland, and the D-mark was also depressed by the German Government's pessimistic forecast about the German economy this year. Sterling remained firm, rising to DM 5.0270 from DM 5.0180 at the fixing.

JAPANESE YEN—Very firm despite recent dollar strength, underpinned by Japan's improving economic performance—The yen showed little change against the dollar, closing at Y203.80 in Tokyo, compared with Y203.40 on Wednesday, and Y204.00 at the opening.

THE POUND SPOT AND FORWARD

Jan. 29	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	2.3955-2.4080	2.3975-2.3980	0.65-0.75c dis	−3.50	2.40-2.50dis	−4.09
Canada	2.8720-2.8870	2.8730-2.8740	0.70-0.80c dis	−3.13	2.30-2.55dis	−3.37
Nethlnd.	5.43-5.48	5.44½-5.45½	2½-1½c pm	4.40	6¾-4¾ pm	3.35
Belgium	80.20-80.85	80.40-80.60	18-8c pm	1.94	36-26 pm	1.54
Denmark	15.38-15.50	15.43½-15.44½	3¼-1¾ore pm	1.75	1½ pm-½ dis	0.13
Ireland	1.3385-1.3495	1.3430-1.3440	0.16-0.03p pm	0.85	0.27-0.05 pm	0.43
W. Ger.	5.00-5.05	5.02-5.03	2½-1¼pf pm	4.48	5½-4½ pm	4.18
Portugal	132.00-133.00	132.20-132.40	95c pm-10 dis	3.85	75-100 dis	−2.64
Spain	196.75-197.60	196.80-196.90	50-105c dis	−4.72	220-255 dis	−5.54
Italy	2,375-2,390	2,378-2,379	8¼-11½lire dis	−4.92	27½-30½ dis	−4.86
Norway	12.92-13.00	12.95-12.96	1½ore pm-½ dis	0.46	1½-3 dis	−0.69
France	11.53-11.60	11.56-11.57	3¼-2¾c pm	3.37	7½-6½ pm	2.42
Sweden	10.90½-10.94½	10.91½-10.92½	11⅛-12½ore dis	−12.91	30½-32 dis	−11.38
Japan	487-493	490-491	2.40-1.95y pm	5.32	6.15-5.70 pm	4.83
Austria	35.40-35.70	35.52-35.57	15-11gro pm	4.39	35-29 pm	3.60
Switz.	4.51½-4.57½	4.56-4.57	3⅝-2⅞c pm	7.56	8¼-7¼ pm	7.23

Belgian rate is for convertible francs. Financial franc 80.65-80.75. Six-month forward dollar 4.10-4.20c dis. 12-month 5.75-5.95c dis.

THE DOLLAR SPOT AND FORWARD

Jan. 29	Day's Spread	Close	One month	% p.a.	Three months	% p.a.
UK†	2.3955-2.4080	2.3970-2.3980	0.65-0.75c dis	−3.50	2.40-2.50dis	−4.09
Ireland†	1.7815-1.7870	1.7840-1.7860	0.60-0.75c dis	−4.37	1.95-2.15dis	−4.59
Canada	1.1976-1.2000	1.1979-1.1982	0.01c pm-0.04dis	−0.15	0.18-0.13 pm	0.52
Nethlnd.	2.2560-2.2750	2.2695-2.2705	1.58-1.48c pm	8.09	4.57-4.47 pm	7.96
Belgium	33.52½-33.60	33.55-33.57	17-15c pm	5.72	49-45 pm	5.66
Denmark	6.4000-6.4480	6.4400-6.4425	2½-2¼ore pm	4.56	7.10-6.60 pm	4.25
W. Ger.	2.0755-2.0980	2.0945-2.0955	1.43-1.38pf pm	8.05	4.34-4.29 pm	8.24
Portugal	55.05-55.30	55.10-55.25	50-15c pm	7.07	85-15 pm	3.62
Spain	81.90-82.25	82.15-82.25	45-15c pm	4.38	20 pm-10 dis	0.24
Italy	987.75-996.00	992.00-993.00	½-1½lire dis	−1.21	2¼-3¼ dis	−1.11
Norway	5.3710-5.4075	5.4050-5.4060	1.80-1.30ore pm	3.44	5.80-5.30 pm	4.11
France	4.8140-4.8300	4.8225-4.8275	2.80-2.70c pm	6.84	7.90-7.70 pm	6.47
Sweden	4.5330-4.5550	4.5540-4.5550	4.00-4.40ore dis	−11.07	9.60-10.00dis	−8.61
Japan	203.40-204.80	204.55-204.65	1.55-1.40y pm	8.65	4.55-4.40 pm	8.75
Austria	14.80-14.84	14.82-14.83	9.60-9.00gro pm	7.53	29.00-27.50pm	7.62
Switz.	1.8760-1.9040	1.9025-1.9035	1.83-1.76c pm	11.29	5.54-5.46 pm	11.56

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency.

CURRENCY MOVEMENTS

Jan. 29	Bank of England Index	Morgan Guaranty Changes%
Sterling	81.4	−22.4
U.S. dollar	88.8	−5.5
Canadian dollar	79.7	−18.8
Austrian schilling	143.1	+21.2
Belgian franc	110.0	+10.0
Danish kroner	98.8	−9.5
Deutsche mark	142.3	+37.6
Swiss franc	181.5	+73.5
Guilder	121.2	+16.2
French franc	94.6	−8.8
Lira	49.0	−53.3
Yen	146.1	+42.9

Based on trade weighted changes from Washington agreement December, 1971 (Bank of England Index=100).

CURRENCY RATES

Jan. 28	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	14	0.520870	0.519549
U.S. $	13	1.25311	1.24874
Canadian $	16.97	1.49671	1.49187
Austria Sch.	6¾	18.4934	18.4095
Belgium F.	12	41.8664	41.6688
Danish K.	11	8.00612	8.00565
D'mark	7½	2.61211	2.59837
Guilder	8	2.83704	2.82489
French Fr.	9½	6.03507	5.98707
Lira	16½	1258.39	1252.62
Yen	7¼	254.507	253.931
Norwgn. Kr.	9	6.75426	6.72862
Spanish Pts.	8	103.701	102.309
Swedish Kr.	12	5.68511	5.68612
Swiss Fr.	3	2.35961	2.34950
Greek Dr'ch.	—	Unavail	60.6751

OTHER CURRENCIES

Jan. 29	£	$		£ Note Rates
Argentina Peso	4853-4873	2007-2032	Austria	35.30-35.70
Australia Dollar	2.0410-2.0450	0.8525-0.8530	Belgium	80.45-81.25
Brazil Cruzeiro	163.93-164.93	68.10-68.44	Denmark	15.36-15.51
Finland Markka	9.512-9.526	3.9800-3.9810	France	11.50-11.63
Greek Drachma	115.908-118.150	48.85-48.95	Germany	5.01-5.05½
Hong Kong Dollar	12.57-12.58½	5.2435-5.2455	Italy	2380-2500
Iran Rial	177.25*	73.50*	Japan	489-495
Kuwait Dinar(KD)	0.652-0.658	0.2723-0.2725	Netherlands	5.42-5.47
Luxembourg Frc.	80.40-80.50	33.55-33.57	Norway	12.88-13.00
Malaysia Dollar	5.3210-5.3310	2.2195-2.2215	Portugal	132-145
New Zealand Dlr	2.5105-2.5155	1.0480-1.0490	Spain	192½-203
Saudi Arab. Riyal	7.98-8.04	3.3310-3.3330	Sweden	10.90-11.00
Singapore Dollar	4.9560-4.9780	2.0710-2.0730	Switzerland	4.54-4.58½
Sth African Rand	1.8115-1.8135	0.7555-0.7565	United States	2.39½-2.41½
U.A.E. Dirham	8.81-8.87	3.6710-3.6730	Yugoslavia	84-88

Rate given for Argentina is free rate. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU January 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	39.7897	41.7084	+4.82	+0.97	±1.53
Danish Krone	7.72336	8.01317	+3.75	−0.10	±1.64
German D-Mark	2.48208	2.60254	+4.85	+1.00	±1.125
French Franc	5.84700	5.99493	+2.53	−1.32	±1.3667
Dutch Guilder	2.74362	2.82175	+2.85	−1.00	±1.512
Irish Punt	0.668201	0.696756	+4.27	+0.42	±1.668
Italian Lira	1157.79	1231.72	+6.39	+2.66	±4.08

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Jan. 29	PoundSterling	U.S. Dollar	Deutschem'k	Japan'se Yen	FrenchFranc	Swiss Franc	Dutch Guild'	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	2.398	5.025	490.5	11.565	4.565	5.450	2379.	2.874	80.45
U.S. Dollar	0.417	1.	2.096	204.6	4.824	1.904	2.273	992.1	1.199	33.56
Deutschemark	0.199	0.477	1.	97.61	2.301	0.908	1.085	473.3	0.572	16.01
Japanese Yen 1,000	2.039	4.888	10.24	1000.	23.58	9.307	11.11	4849.	5.858	164.0
French Franc 10	0.865	2.073	4.345	424.1	10.	3.947	4.712	2057.	2.485	69.56
Swiss Franc	0.219	0.525	1.101	107.4	2.533	1.	1.194	521.0	0.629	17.62
Dutch Guilder	0.183	0.440	0.922	90.00	2.122	0.838	1.	436.4	0.527	14.76
Italian Lira 1,000	0.420	1.008	2.113	206.2	4.862	1.919	2.291	1000.	1.208	33.82
Canadian Dollar	0.348	0.834	1.749	170.7	4.025	1.589	1.897	827.7	1.	28.00
Belgian Franc 100	1.243	2.980	6.246	609.7	14.38	5.674	6.774	2956.	3.572	100.

FT LONDON INTERBANK FIXING (11.00 a.m. JANUARY 29)

3 months U.S. dollars		6 months U.S. dollars	
bid 17 9/16	offer 17 11/16	bid 16 13/16	offer 16 15/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates of $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing Rates)

Jan. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	West German Mark	French Franc	Italian Lira	Belgian Franc Convertible	Japanese Yen
Short term	14⅛-14⅜	17⅝-17⅞	17½-18½	8 13/16-9⅛	18-20	8¼-8 9/16	11-12	11-13	9½-10	8-8½
7 days' notice	14¼-14½	17⅝-17⅞	17½-18½	9⅛-9¼	2½-3	9-9⅛	10-11	17½-19	10-10¼	8¼-8½
Month	14⅜-14⅝	17⅝-17⅞	17⅝-18	9⅛-9¼	5 11/16-5 13/16	9¼-9⅜	10½-10¾	18¾-19¾	11⅝-11¾	8 7/16-8 11/16
Three months	13¾-13⅞	17½-17¾	17-17⅜	9⅜-9½	5 15/16-6 1/16	9 5/16-9 7/16	10⅞-11⅛	18⅛-19½	12-12⅛	8 7/16-8 9/16
Six months	13 1/16-13 3/16	16⅝-16⅞	15⅝-16	9½-9⅝	6⅛-6¼	9 5/16-9 7/16	11 13/16-12 1/16	18-19	12¼-12⅜	8 5/16-8 7/16
One Year	13 1/16-13 3/16	15¾-16	13⅞-14¼	9⅝-9⅞	6⅛-6¼	9⅜-9½	12¾-13	18-19	12⅜-12½	8 5/16-8 11/16

SDR linked deposits: one-month 13 7/16-13 11/16 per cent; three-months 13⅜-13⅝ per cent; six-months 13 5/16-13 7/16 per cent; one year 12⅞-13 per cent.
Asian $ (closing rates in Singapore) one-month 18-18⅛ per cent; three-months 18 1/16-18 3/16 per cent; six-months 17 1/16-17 3/16 per cent; one year 15 11/16-15 13/16 per cent. Long-term European two years 15-15¼ per cent; three years 14¾-15 per cent; four years 14½-14¾ per cent; five years 14½-14¾ per cent; nominal closing rates. Short-term rates are call for sterling, U.S. dollars, Canadian dollars and Japanese yen; others two-days' notice.
The following nominal rates were quoted for London dollar certificates of deposit: one-month 17.45-17.55 per cent; three-months 17.30-17.40 per cent; six-months 16.30-16.40 per cent; one year 15.40-15.50 per cent.

INTERNATIONAL MONEY MARKET

Europe rates mixed

Interest rates in Europe showed little overall change yesterday. In Amsterdam call money was quoted at 8⅞-9 per cent compared with 8¾-9 per cent, and seemed little affected by the Fl 1bn drain caused by the latest 10½ per cent State Bond. Longer term rates were mostly firmer, with one-month money at 9¼-9½ per cent against 9-9¼ per cent on Wednesday, and six-month money at 9½-9¾ per cent compared with 9⅜-9½ per cent. Within the EMS the Dutch guilder remained firm, placed behind only the French franc.

In Frankfurt call money remained at 9.05 per cent, around the same level as the Lombard rate of 9 per cent. Longer term rates continued to rise, however, continuing a recent trend. Period rates are tending to reflect the relatively gloomy economic outlook while the authorities are caught between higher interest rates which would affect economic growth, or lower rates which would in turn put further pressure on the D-mark, especially in terms of the U.S. dollar. Already the D-mark has been trading at its lowest permitted level against the French franc within the EMS, and the Bundesbank has been obliged to take supporting action. Period rates yesterday were quoted at 9.55 per cent for three-month compared with 9.45 per cent on Wednesday and six-month at 9.525 per cent against 9.35 per cent previously.

UK MONEY MARKET

Small help

Bank of England Minimum Lending Rate 14 per cent (from November 24, 1980)

Despite early indications of a small surplus in the London money market yesterday, the authorities bought a small amount of Treasury bills direct from discount houses. The latter were paying around 13½ per cent for secured call loans at the start, with later balances taken as low as 12 per cent. The market was faced with a small amount of commercial bills maturing in official hands, but this was countered by a small excess of Government disbursements over revenue transfers to the Exchequer, and balances brought forward by banks a small way above target.

In the interbank market, overnight loans opened at 14-14¼ per cent and eased to 13¾-14 per cent before coming back to 14-14¼ per cent. Towards noon rates fell away to 12½-13 per cent and closing balances were taken as low as 10 per cent.

GOLD

Sharp fall

Gold fell by the largest amount in one day since last March to close at $489-492, a fall of $34 from Wednesday. It opened at $508-511, and touched a peak of $509-512, before declining to $505.00 at the morning fixing. The metal continued to weaken in the afternoon with the start of New York trading and was then fixed at $493.75, before falling to a low of $487-490 as weakening sentiment and the strength of the dollar continued to influence trading. Gold finished at its lowest closing level since April last year.

In Paris the 12½ kilo bar was fixed at FFr 84,000 per kilo ($542.90 per ounce) in the afternoon, compared with FFr 83,000 ($535.03) in the morning, and FFr 84,000 ($543.57) Wednesday afternoon.

In Frankfurt the 12½ kilo bar was fixed at DM 34,085 per kilo ($506.00 per ounce), against DM 34,915 ($522.54) previously, and finished at $492-495, compared with $522-525.

In Zurich gold closed at $493-$496 against $522-525.

	Jan. 29		Jan. 28	
Gold Bullion (fine ounce)				
Close	$508-511	(£211⅛-212⅛)	$523-526	(£216⅞-218¼)
Opening	$489-492	(£204-205¼)	$524-527	(£217½-218¾)
Morning fixing	$505	(£209.936)	$524.50	(£217.770)
Afternoon fixing	$493.75	(£205.729)	$523.50	(£217.491)
Gold Coins				
Krugerrand	$503-505	(£210-210¾)	$537-539	(£223-223¾)
1/2 Krugerrand	$259½-263½	(£109¼-110)	$277-281	(£115-116¾)
1/4 Krugerrand	$132-136	(£55-56¾)	$141-145	(£58½-60¼)
1/10 Krugerrand	$53-57	(£22-23¾)	$57-61	(£23½-25¼)
Mapleleaf	$500-503	(£208¾-210)	$534-537	(£221¾-223)
New Sovereigns	$124-126	(£51¾-52¼)	$131¾-132¾	(£54¾-55)
King Sovereigns	$154-156	(£64¼-65¼)	$158-160	(£65½-66½)
Victoria Sovs	$154-156	(£64¼-65¼)	$158-160	(£65½-66½)
French 20s	$169-172	(£70½-71¾)	$165-168	(£68½-69¾)
50 pesos Mexico	$620-624	(£258¾-260½)	$651-656	(£270¼-272¼)
100 Cor. Austria	$486-490	(£202½-204½)	$509-513	(£211¼-213)
$20 Eagles	$643-647	(£268¼-270)	$650-655	(£269¾-272)

MONEY RATES

NEW YORK

Prime Rate	19½-20
Fed. Fund	16½-17
Treasury Bills (13-week)	14.87
Treasury Bills (26-week)	13.89

GERMANY

Discount Rate	7.5
Overnight Rate	9.05
One month	9.325
Three months	9.55
Six months	9.525

FRANCE

Discount Rate	9.5
Overnight Rate	10.75
One month	10.875
Three months	11.375
Six months	12.25

JAPAN

Discount Rate	7.25
Call (Unconditional)	8.875
Bill Discount (three-month)	8.78125

LONDON MONEY RATES

Jan. 29 1981	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ◊	Eligible Bank Bills ◊	Fine Trade Bills ◊
Overnight	—	10-14¼	14-14⅛	—	—	—	12-13¾	—	—	—
2 days notice	—	—	14¼-14⅜	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14⅛-14½	14¼-14⅜	—	14⅝	14¾	13½-13¾	—	—	—
One month	14⅜-14¼	14 1/16-14½	14¼-14⅜	15½-15⅛	14¾	14⅝	13¾-13⅞	12 13/16	13⅜	14¾
Two months	14 1/16-14	14-14⅜	—	14¾-14⅜	14⅝	14⅝	13½-13⅝	12⅞-12 13/16	13 1/16-13 3/16	14½
Three months	13¾-13⅝	13¾-14	13⅞-14	14⅛-13¾	14⅛	14¼-14½	13⅛-13¼	12¾-12 11/16	13	13⅝
Six months	13 1/16-12 15/16	13 5/16-13 7/16	13¼-13⅜	13¼-13⅛	13 15/16	13⅞	—	—	12⅛-12 7/16	12⅞
Nine months	13-12⅞	13 1/16-13¼	—	13⅝-13¼	13⅝	13⅝	—	—	—	—
One year	12⅞-12¾	13-13 1/16	13-13⅛	13⅝-13⅛	13 1/16	13⅝	—	—	—	—
Two years	—	—	13¼-13½	—	—	—	—	—	—	—

Local authority and finance houses seven days' notice, others seven days' fixed. Long-term local authority mortgage rates nominally three years 13½ per cent; four years 13⅝ per cent; five years 13¾ per cent. ◊Bank bill rates in table are buying rates for prime paper. Buying rates for four-month bank bills 12⅝-12 15/16 per cent; four-month trade bills 13¾ per cent.

Approximate selling rate for one-month Treasury bills 12 13/16 per cent; two-months 12 13/16 per cent; three-months 12⅝-12 11/16 per cent. Approximate selling rate for one-month bank bills 13 11/32 per cent; two-months 13 11/32 per cent; three-months 12⅞-12 29/32 per cent; one-month trade bills 14½ per cent; two-months 14¼ per cent and three-months 13¾ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 15½ per cent from January 1, 1981. Clearing Bank Deposit Rates for sums at seven days' notice 11¾-12 per cent. Clearing Bank Rates for lending 14 per cent. Treasury Bills: Average tender rates of discount 12.7541 per cent.

Technical Page

EDITED BY ARTHUR BENNETT AND ALAN CANE

Automatic packing of snuff

UNTIL fairly recently, snuff boxes were filled by women by hand. Each had a pile of snuff in front of them and they would deftly hold three tins in one hand, fill them and smooth them with a spatula held in the other hand.

Designs of snuff boxes were traditional, too, until the market started to develop. But the containers, and methods of filling them, have had to revolutionise along with today's fashion which dictates new type of filling and lidding installation.

Sheffield snuff-maker Joseph and Henry Wilson began to replace manual methods of filling snuff tins with an automatic system several years ago, but now has to double its throughput.

The company's present requirement is met with a system from the Alite Division of Neumo-Alite of Letchworth which fills lids and packs up to 120 plastic snuff boxes a minute, allowing two snuff containers to be filled simultaneously.

Twin container feed of the two package elements allows the pack to be assembled immediately after filling. The system uses two 914mm DICO horizontal rotary cap unscramblers with selector mechanism, and DICO low-loading bulk feed hoppers and elevators. Container feed is controlled by a level detector in the unscrambler. One unit is used for the container bases, and the other for the lids.

In operation, the container bases are fed into the centrifugal hopper and formed into a train by means of a spiral elevator. If a container is not in proper position, or right side up, it is rejected and made to repeat the unscrambling procedure. This function, says the company, is entirely automatic.

The train of the container bases is then fed into a star wheel under two filling heads on dual tracks. Each base is automatically filled with a measured quantity of snuff, then picked up by a conveyor.

In the meantime, a train of lids (unscrambled in the same way as the bases) is led to the train of filled bases, and automatic lidding takes place. The conveyor then transports the filled and closed containers to another machine for automatic wrapping.

Some of today's snuff boxes are a far cry from the elegant, if not effete, containers sported by the Prince Regent and Beau Brummel. They often resemble pocket-sized cigarette lighters, and have curved plastic surfaces. Nevertheless, aficionados, are offered a very wide selection of attractive containers in a number of materials, and women snuff-takers can order their choice in a favourite scent!

Neumo-Alite is on Letchworth 3965. DEBORAH PICKERING

NEWS IN BRIEF

HANDLING WASTE

A WASTE compactor with a compaction chamber capacity of 1.47 cu yds and a ram thrust of more than 26 tons has been introduced by Thetford Compactors, Brunel Way, Thetford, Norfolk (0842 62861). Known as the T1 Super, it is less than 8 ft long. It is claimed that a high rate of compaction is achieved by the packing blade penetrating the container by as much as 16 in.

WELDING

A DIRECT-CURRENT welding machine designed to support up to 10 welders working at distances from 30 to 60 metres from the unit has been introduced by Cooperweld, 164 Lord Street, Southport PR9 (0704 33633). Known as the 8/10 Pak, it is rated at 80 kVA, and comprises a common cabinet housing a dual polarity transformer-rectifier assembly in the base with eight 295 amp 60 per cent duty remote-controlled welding stations in the upper part.

The unit is pre-wired to receive two additional welding modules if required. Each module has a remote control unit offering a choice of polarity and full regulation of amperage in 2.5A increments. The modules can be readily withdrawn for individual maintenance, when it is not necessary to shut down the whole unit. Setting up time on site is reduced, since only one connection to a 120A three-phase supply is needed to support up 10 arcs.

CONVERSION

A SHIFT in a machine shop from NC (numerically controlled) machines to CNC (computer numerically controlled) machines can often mean that large numbers of existing NC tape programs can become obsolete unless tedious and time consuming manual conversion is carried out.

To help matters, the Production Engineering Research Association at Melton Mowbray has developed conversion techniques that use a digital computer. Little or no manual intervention is needed.

PERA is offering a batch bureau postal service, a time sharing system from a user's terminals, a user in-house system, and a dedicated microprocessor system. More from PERA on 0664 4133, Ext. 283.

The talking, listening machine is coming

BY GEOFFREY CHARLISH

IT NOW seems certain that the next major development to capture the public's imagination after the incorporation of microprocessors into machines to give them "brains" will be the incorporation of special chip sets that will allow them to talk, and not long after that to listen as well.

It was Ray Bradbury who, in one of his novels in 1950 spoke of talking clocks and ceilings in the year 2026; developments now coming thick and fast seem to indicate that the date should be brought forward to 1981. And since the provision of an eye is a research subject at several laboratories, and is on the whole technically simpler, the prospect of "robots" more befitting that description than some present offerings is correspondingly greater.

Meanwhile, the implications for the design of all kinds of products ranging from toys to motor cars is immense. According to Pat Brocket, European Marketing Director for National Semiconductors, the market for speech synthesis alone is likely to reach $4bn ten years from now.

His company has this week announced Digitalker, a chip-based module that can utter pre-programmed words and phrases made up from a vocabulary which can consist of several hundred words.

The introduction took place only 24 hours after a very similar announcement from General Instruments. Already in the market place are Texas Instruments and ITT Semiconductors, although Brocket believes that the speech quality of his product is superior.

All the developments are important steps forward from the 1978 announcements of chips that could generate noises, then tunes, and finally speech, albeit of somewhat "Dalek like" tones. Texas has had its child's spelling machine that speaks on the market for over a year.

Probable cost

National is concerned with getting its module into end products and a modest system, pre-programmed by the company with about 50 words and purchased in a 20,000 lot would cost about £10. A small system on which to develop a product would cost about £300.

Evidently, consumer products costing more than, say, £100 could easily win a market edge if they could talk.

But whether the idea could be so readily extended into professional electronic equipment is another matter. Lights, dials, digital and graphical displays are the order of the day here, and they seem unlikely to be generally superseded by a kind of instrumental tower of Babel.

On the other hand the talking vending machine, fire alarm (giving information as well as just a warning), car dashboard (warning of low oil or petrol, worn brakes and so on), the on-board railway announcement and indeed any kind of public information provision—all these seem to offer business prospects.

Dr. David Schofield (standing) and the team leader, Brian Pay, with the National Physical Laboratory's automatic speech recognition system.

Brocket at National believes that for the time being the voice synthesis market will be driven by the consumer industries and insists that the idea is not just a gimmick as has been suggested in some quarters.

To the criticism that a magnetic tape would do as well, he emphasises that Digitalk has no moving parts, an ease of programming and variability not possible with tape recording.

In its standard form, the device from General Instruments, designated VSM 2032, can generate up to 32 words and syllables including all the numerals and part word numerals (for example, "twen" to which "ty" can be added to make 20) and a number of arithmetical words such as "plus" and "equals." GI points out that other standard vocabularies will become available shortly and that special vocabularies can be produced at any time if required in sufficient volume.

Speech recognition, intrinsically much more valuable since it allows orders to be given and data to be fed into machines, will be rather longer in coming. The prospect of making any voice recognisable is becoming less remote and efforts are being directed to making a machine "get used to" a specific person's accent.

Fast talk

Probably all the major computer companies have teams working on the problem and the latest edition of "Electronics Weekly" reveals that a Siemens subsidiary now has an interest in Threshold Technology, a U.S. company that has been pioneering speech recognition. The American company's latest system is called Quicktalk and is said in the report to be able to accept speech at up to 180 words/min.

The important advantage of such machines is that the user can speak into them to load in data or initiate actions while his hands remain free to carry on with some other activity.

It is obviously no coincidence that in this country, the National Physical Laboratory has set up a Speech Recognition Club, the membership of which includes Ferranti and Nexos. The members are expected to introduce speech capability into a wide range of systems including office and business systems, process control, avionics and defence.

Trial applications at NPL have used context-dependent syntax, for example an avionics system with commands such as "set height to 20,000 feet." Here the keyword "set" which can occur in the pilot's normal speech, triggers the system and "height" defines a context for which a numerical value is required.

Once again however, public interface systems will ultimately prove the money spinners: vending, cash dispensing, telephone ordering of all kinds of goods and services — the possibilities are numerous for the first researchers to satisfactorily overcome the variability of voice that exists between one person and the next.

How Mercedes boosted its stopping power with micros

BY ALAN CANE

THE ROAD near Rovaniemi in Finland was a mess of ice and packed snow as the driver braked savagely at just over 100 kilometres an hour.

His vehicle, a 26-tonne articulated truck, stopped without skidding or jackknifing, an insistent yammering under the floor of the cab the only clue to the new technology in the braking system.

There was, in fact, a flurry of emergency stops around the Arctic Circle this week as Mercedes Benz showed off its new anti-lock braking system for trucks.

Joint effort

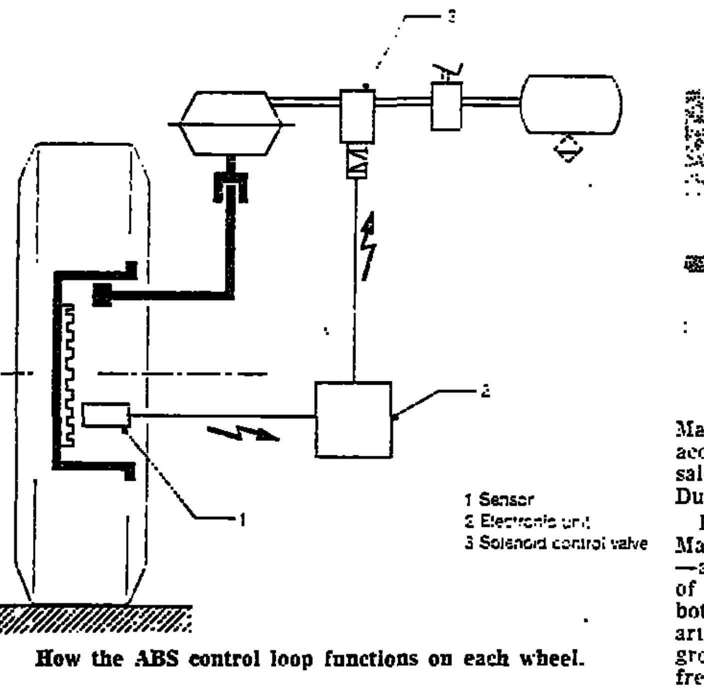
The system, called ABS (Antilock braking system), is a joint development between Mercedes and the Westinghouse Air Brake Company of Hannover, Germany (Wabco).

At a price of about DM 4,500 (around £900), Mercedes will offer the system as an option on its new generation trucks of 16 tonnes gross weight and above and on the buses from its Mannheim plant.

According to Mercedes, the system will not be available on right hand drive vehicles for the UK before 1982.

What makes the new ABS system of special interest—antilock braking systems have been in development for over 20 years and some 10,000 vehicles in the UK are fitted with the Dunlop "Maxaret" system first offered in 1969—is the use of microelectronic technology.

In the system, Mercedes and Wabco have used four single chip microcomputers—the first time, according to the company that microcomputers have been used for this application.



How the ABS control loop functions on each wheel.

Significantly, Dr. Erich Reinecke, vice-president for research and development at Wabco, said the system took 13 years to develop—and it was only when single chip microcomputers became available that it was possible to complete the project.

Most antilock braking systems —Maxaret, Girling's Skidcheck, the earlier version of ABS developed by Mercedes and Bosch for passenger cars, work along the same general lines.

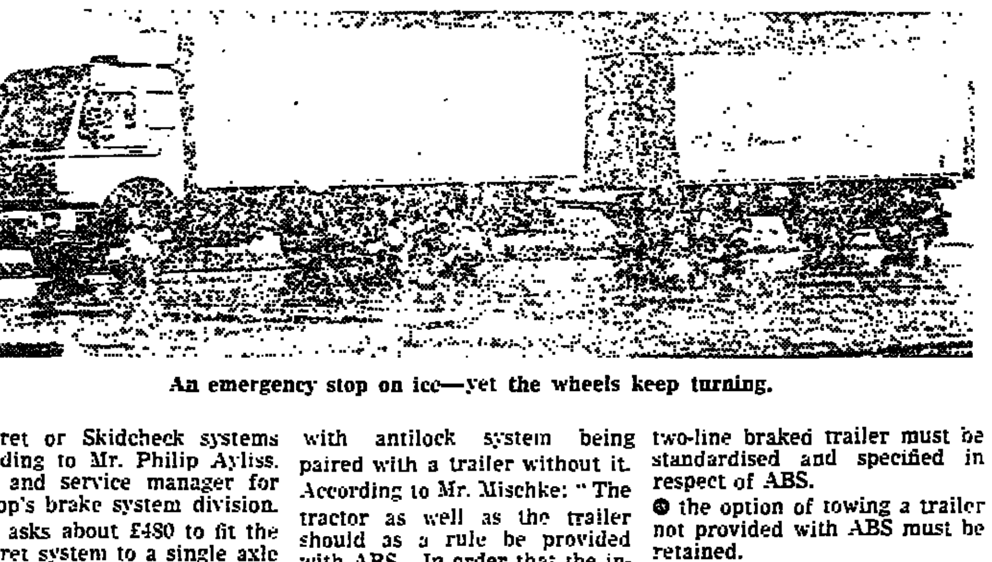
The speed of the wheel or axle is sensed electronically, and when locking is imminent, a solenoid valve reduces pressure in the brake cylinder to prevent the wheel locking.

The new ABS system uses a toothed wheel and sensor on each wheel to detect the speed of rotation and a 16-bit microcomputer to analyse the signals and send messages to the solenoid valve.

According to Mr. Arthur Mischke, head of commercial vehicle development for Mercedes, the ABS system should provide: "optimal directional stability and retention of steering control in conjunction with the shortest possible braking distance."

In the demonstrations at Rovaniemi these criteria were fulfilled. Trucks and buses came to a standstill in a straight line without locked wheels, and drivers were able to take moderate avoiding action with the brakes on full.

The chief question is whether truck operators will be prepared to pay close to £1,000 for the new system. In the UK about 10-15 per cent of all trucks both rigid and articulated are fitted with either



An emergency stop on ice—yet the wheels keep turning.

Maxaret or Skidcheck systems according to Mr. Philip Ayliss, sales and service manager for Dunlop's brake system division.

He asks about £480 to fit the Maxaret system to a single axle —and he warns of the dangers of anti-lock systems fitted to both tractor and trailer of an articulated system on the grounds that trailers are frequently interchanged by operators—and there is no protection against a potentially lethal combination of a tractor with antilock system being paired with a trailer without it.

According to Mr. Mischke: "The tractor as well as the trailer should as a rule be provided with ABS. In order that the interchangeability of tractor and trailer is not impaired.

- The anti-locking system in the trailer must operate independently of the control system in the tractor.
- the additional electrical connections between tractor and two-line braked trailer must be standardised and specified in respect of ABS.
- the option of towing a trailer not provided with ABS must be retained.

If the trailer is not provided with ABS the driver is informed of this via an indicator light. If the tractor is fitted with ABS, the driver can concentrate on the trailer when braking. A condition which is better in any case than the present normal condition without any ABS."

Keeps the cold at bay

A PRACTICAL solution to the problem of hypothermia (severe and often fatal chilling) induced by shock following an accident on land or at sea is claimed by Domtex International, Bradford Road, Birstall, Batley, West Yorkshire (0924 470451/2), which has introduced an all-enveloping man-sized "cocoon" of high-pile polyester fabric known as the Decupad Thermal Recovery Capsule.

Decupad fabric has been used by hospitals and ambulance services since 1967, and the zip-fastened nylon capsule with the 1-inch pile fabric as a lining is considered to be a logical development for rescue services working out of doors.

It is claimed to be far more effective than woollen blankets. From the moment the casualty, even one rescued from the North Sea or Ben Nevis in mid-winter, is encapsulated his body temperature begins to rise without any other stimulation, says Domtex.

WORLD STOCK MARKETS

Wall St. mixed at mid-session

STOCKS ON Wall Street recorded mixed movements at mid-session after moderate trading, with investors avoiding major commitments awaiting clearer signs of the direction of interest rates and details of President Reagan's economic package.

The Dow Jones Industrial Average managed a modest gain of 3.75 at 946.33 at 1 pm, while the NYSE All Common index edged up 7 cents to $74.85 but with advances and declines on the Exchange fairly evenly matched. Trading volume further contracted to 24.69m shares from Wednesday's 1 pm figure of 26.06m.

Marine Midland Bank on Wednesday cut its Prime Rate to 19½ per cent from 20 per cent but no major bank followed. President Reagan was due to hold a news conference after the market close yesterday. Analysts were not expecting any detailed policy statements but thought some points of his economic package might come out in the questioning.

Steels were strong, building on the strong profit and dividend news from U.S. Steel on Tuesday. Volume leader LTV gained 1¼ to $21. U.S. Steel, in second place on the actives list, 1¼ to $25⅞. Bethlehem Steel 1½ to $25⅞, National Steel $1 to $25¾, Inland Steel $1 to $30½ and Republic Steel 1¼ to $25⅞.

Active Newmont Mining, up 4⅞ earlier, slipped back to show a net loss of ¼ at $51¾. It said it could not explain the early rise. NLT, which has been strong over the past week on bid speculation, lost ½ to $28⅞.

THE AMERICAN SE Market Value Index, helped by strength in the Oils group, rose 3.58 to 347.01 at 1 pm. Volume 3.64m shares (4.00m).

Volume leader Gulf Canada, which has reported sharply higher 1980 profits added $1 to $21½. Wainoco Oil put on $1 to $28½ in second place. It has found natural gas in Texas.

Closing prices for North America were not available for this edition.

Canada

Markets picked up from an easier opening to present a mixed appearance at noon. The Toronto Composite Index was up a net 5.5 at 2,221.0 at mid-day, while Oil and Gas put on 56.1 to 4,495.7 and Golds 12.2 to 3,925.4, but Metals and Minerals lost 8.9 at 2,166.3.

Tokyo

Stock prices mainly declined on increased profit-taking prompted by investors' fears of further restrictions on margin trading.

The Nikkei-Dow Jones Average retreated 64.29 to 7,215.12, which is 100 points below the all-time closing high of 7,315.33 set on January 21. The Tokyo SE index lost 2.10 to 506.86, while falls outscored rises on the First Market section by 420 to 251. There was a fair turnover of 330m shares, against the previous day's 410m.

The fears arose from the record high level of outstanding buying contracts in margin trading, and speculatives led the market fall, with Kanto Kenka Kogyo closing the day's limit of Y100 down at Y896.

High-priced Light Electricals made further headway initially, but came back to end with mixed movements. Sony finished Y70 down at Y3,070 and Victor Y30 off at Y2,670, but Pioneer Electronic added Y60 at Y2,920 and TDK Y20 at Y3,680. Elsewhere, Canon reacted Y17 to Y843.

Oils, Steels, Non-ferrous Metals, Heavy Electricals, Machines, Shipbuildings, Foods and Chemicals were easier.

Germany

Bourse prices tended to rally on bargain hunting, although trading was still rather quiet. Brokers said they were sceptical of the recovery in view of the weakness of the Mark and lower Bond prices.

Market sources said an oil-rich country was apparently stocking up on shares of Deutsche Bank, which put on DM 2.40 to DM 277, and Hoechst, the chemical company, which firmed DM 1.60 to DM 113.20.

Motors picked up sharply. BMW added DM 2.50, Daimler DM 5.50, Volkswagen DM 1.90 and Mercedes DM 6. Market observers said investors were apparently taking an optimistic view of the West German Automobile Association's prediction that motor sales and production might recover in the second-half of 1981.

In Bond trading, yields were reported climbing past 9.3 per cent on Public Authority Loans as prices further declined by up to a full point. Bundesbank bought DM 30.2m nominal of stock to regulate the market. Market sources said Kreditanstalt Fuer Wiederaufbau, a public lending agency set up to finance post-war recovery but now engaged in export and small business credits, had offered large-denomination Promissory Notes (Schuldscheine) to yield 9.35 per cent. Mark-denominated Eurobond prices also fell afresh.

Paris

French and Foreign share prices mostly showed renewed weakness after Wednesday's technical recovery.

Market commentators said the decline on Wall Street overnight was partly responsible for investor reticence, while operators were also worried about the appreciation of the dollar, which is increasing France's oil import bill.

Oils were the weakest issues of the day. Elf-Aquitaine retreated FFr 40 to FFr 1,150 after the chairman's forecast of lower 1981 group profits. Petroles BP fell FFr 7.5 to FFr 80 after trading i nthe stock was briefly suspended owing to heavy sales.

Australia

Markets continued to show tentative signs of recovery in quiet trading despite unsettled conditions for Gold Bullion and bearish signals accompanying a string of profit results from leading Miners. The Australian All Ordinaries index picked up 2.8 more to 663.2, while overall gains exceeded declines on the Sydney Exchange by 185 to 125.

CSR stood out with a fresh rally of 30 cents to A$6.86, although BHP, up 30 cents on Wednesday, eased 10 cents to A$14.90.

In the Oil and Gas sector, Woodside gained 9 cents to A$3.05 after the signing of its U.S.$1.4bn finance deal for the North West Shelf project. Santos rose 35 cents to A$17.35 and Crusader Oil 10 cents to A$5.20. Central Pacific climbed 40 cents to A$6.50 and its Rundle shale oil partner Southern Pacific 15 cents to A$2.55.

Among Golds, Kitchener receded 30 cents to A$4.00 and Poseidon 5 cents to A$4.65, but Gold Mines Kalgurli hardened 10 cents to A$7.70 for a two-day rise of 70 cents. Emperor put on 20 cents A$9.00.

Elsewhere in the Minings sector, poor second-half results held Hamersley unchanged at A$3.30 despite an 85 per cent lift in overall earnings for the year, but major shareholder CRA put on 2 cents to A$4.80. Pancontinental improved 10 cents to A$10.00 and MIM 8 cents to A$4.03, but Western Mining lost 7 cents to A$4.85.

Hong Kong

In the absence of any stimulating news, shares generally lost a little ground in moderate trading following the recent strong rise. The Hang Seng index, which had advanced 52 points over the past two days, receded 8.97 to 1,584.43.

Traders took little notice of Marine Midland Bank's U.S. Prime Rate reduction to 19½ per cent from 20, and are looking for a cut from a larger bank to get a clearer pattern on the trend of U.S. interest rates.

Johannesburg

Gold shares generally reverted to an easier course in thin trading as the Bullion price fell below the $500 mark. Randfontein dipped R4.50 to R64.00, FS Geduld R2.50 to R49.50 and Kloof R1.50 to R35.00.

Minister rejects call to end levy

By Our Commodities Staff

MR. PETER WALKER, the British Agriculture Minister, has backed claims by UK food producers that the elimination of the EEC import levy would not reduce shop prices of imported food in Britain.

The levy results from the widening gap between sterling and the Green Pound, the fixed artificial exchange rate at which EEC farm prices are translated into the national currency. Consumer groups and importers—notably of Danish butter and bacon—have ben pressing Mr. Walker to revalue the Green Pound, so doing away with the monetary compensatory amount (MCA) levies. Next week these will amount to 7.3p a lb on bacon, 13.4p on butter and 10.4p on cheddar cheese.

But Mr. Walker said yesterday that such a move would merely improve profit margins of exporters selling food to Britain while doing little to reduce British food prices.

The main reason countries like Germany, France and Holland wanted him to revalue was because the high margins they enjoyed when sterling was weaker and Britain had large negative MCAs had been eroded, he said.

This view mirrors that expressed repeatedly by the home-produced food trade, especially the National Farmers' Union.

Mr. Bill Newton-Clare, chairman of the Bacon and Meat Manufacturers' Federation yesterday described a claim by Danish bacon exporters that revaluation would result in a substantial price cut as "wholely misleading." He said the price would, as always, be determined by the state of the market.

U.S. feedgrain stocks down

WASHINGTON — Feedgrain stocks in the U.S. on January 1 this year totalled 173m tonnes, down 16 per cent from a year earlier, while wheat stocks, at 51.8m tonnes, were 11 per cent more than on January 1 last year, the U.S. Agriculture Department said in its grain stocks report.

Soyabean stocks totalled 42.2m tonnes, down 12 per cent. Maize stocks totalled 149m tonnes, down 15 per cent from last year's record level and 7 per cent below stocks two years earlier.

Reuter

World wheat estimate lifted

BY OUR COMMODITIES STAFF

THE INTERNATIONAL Wheat Council has lifted its estimate of total 1980 world wheat production to 444m tonnes, up 1m tonnes from the estimate it published on November 21.

This represents an 18m tonne rise from 1979 largely due to increased Soviet output. While adverse weather caused another disappointing year for the USSR's grain crop as a whole, wheat growers managed to boost output by 8m tonnes to 98.1m.

The IWC's latest wheat market report, published yesterday, noted that record harvests were reaped in Western Europe and the U.S. and that output was up in Eastern Europe, Canada and the Near East.

But production was down in India and China by 31.6m tonnes and 5.5m tonnes respectively.

Production decreases had also been confirmed in most big Southern Hemisphere wheat-growing countries, the report said. In spite of increasing the area sown to wheat by 1m hectares, Argentina produced 300,000 tonnes less at 7.8m tonnes. This was due to a severe drought. In Australia only 10.9m tonnes was harvested against 16.1m in 1979. Once again drought was the cause.

The IWC said a clearer picture was emerging on 1981 production prospects following the completion of Northern Hemisphere winter wheat sowings, which normally account for two-thirds of the world's entire wheat area.

Sowings were up sharply in Western Europe and the U.S. The report said this was a response to increased prices in recent months.

It said crops in Western Europe generally appeared in good condition although dry cold weather had hit crops in the southern part of the region. The outlook remained favourable in the EEC with larger areas sown in France and West Germany.

The IWC said a clearer picformation available suggested that sowings were well below target in Czechoslovakia and Poland while late planting could affect Bulgarian and Rumanian yields.

Above normal autumn rains had prevented plantings of winter grains reaching the 37m hectare target in the USSR.

Sharp price boost for Brazilian orange juice

BY RICHARD MOONEY

BRAZIL HAS reopened exports of orange juice, suspended earlier this month after a severe frost in Florida had sent the world market into turmoil. But it has imposed a steep price increase that could directly affect retail prices in Britain, which gets a large proportion of its orange juice from Brazil.

The Export Department of the Banco do Brasil (Cacex) announced yesterday that the new minimum export price was $1,000 a tonne, more than double the old one. Before the suspension on January 13, oversupply had forced world market prices down as low as $600 a tonne.

In addition Cacex has lifted the export tax from 8 to 10 per cent. Export registrations made before the suspension will be cancelled.

The leading brand of fresh orange juice in Britain is "Just Juice," which has 12 per cent of the 250m litres a year market and for which Brazil is the sole supplier. Many other brands also depend heavily on Brazil.

Adams Food, which markets "Just Juice," said last night that it had not had time to look at the implications for UK market prices. It had firm commitments with its customers to the end of March and would hold current prices till then.

The higher price will greatly boost Brazil's export earnings. Cacex is now forecasting receipts on overseas sales this year at $450m to $500m compared with $330m in 1980.

Rik Turner writes from Sao Paulo: The Florida frost came as a blessing to Brazilian exporters who were heavily stocked and holding back supplies in an effort to raise the international price.

Last year's exports were controlled by quotas stipulating that exporters should stockpile half the volume crushed as a price support measure. As a result, Brazil was able to sustain an average export price of $900 a tonne for most of the year. No quotas have been imposed this year.

Gold fall depresses markets

By Our Commodities Staff

THE DECLINE in gold to below $500 an ounce yesterday brought lower prices in both coffee and sugar futures markets as a result of speculative selling.

London daily price for raw sugar was cut by £4 to £258 a tonne in the morning, but the futures market suffered bigger losses. By the afternoon close the May position had declined by £13.25 to £269.235 a tonne and New York sugar futures opened on an easier note in sympathy with the falls in precious metal markets.

Coffee prices were also depressed by gold. On the London Robusta futures market the March position was cut by £24 to £971.5 a tonne.

On the metal markets, platinum fell to the lowest level for 16 months. The free market London sterling price was cut by £11.5 to £185.60 a troy ounce. The dollar price equivalent dropped by $29 to $445, well below the fixed South African producer price of $475.

Silver was less affected showing only minor losses. But on the London Metal Exchange copper and lead price declines brought a generally easier tone, with the exception of tin which held steady.

More cocoa ground in UK

By Our Commodities Staff

BRITISH Cocoabean grindings in the final quarter of 1980 were 23.6 per cent higher than in the same period a year earlier, the Ministry of Agriculture announced yesterday. The total was 18,200 tonnes against 15,500 in the July/September quarter and 14,700 tonnes in October/December 1979.

The rise was a little higher than had been generally forecast in the market but it had little impact on prices. Traders said the rise partly reflected a switch to importing beans rather than semi-processed cocoa because of attractive price discounts. Imports of cocoa liquor and cocoa butter in the year ago period had been exceptionally high, they added.

The grindings rise did not, therefore, indicate a genuine rise in consumption, they said.

AUSTRALIAN AGRICULTURE CONFERENCE

EEC threat to meat markets

BY COLIN CHAPMAN IN CANBERRA

THE EEC is now providing a subsidy on beef exports of up to $1,500 a tonne, has started offering meat in Singapore, and will soon drive Australia out of markets in the Soviet Union, North Africa and the Middle East, the annual Outlook for Agriculture conference heard yesterday.

Mr. Geoff Jones, chairman of the Australian Meat and Livestock Corporation, said he expected reasonably good prices for cattle produced in the next five years, but thereafter was very worried about the effect of EEC policies.

"Highly subsidised surpluses are being put on the international market in large quantities," he said. "In the current year, exports are forecast to increase to between 550,000 and 600,000 tonnes, making the EEC the world's largest beef exporter after Australia. That compares with 152,000 tonnes in 1977. If nothing is done we can forget about our markets in East Europe, North Africa and to some extent the Middle East."

Mr. Jones said Australia would have to renew its marketing efforts in Mexico and South Korea, and develop new markets in the Pacific basin.

Mr. John Smith, an Australian government official, said Australia was raising EEC dumping in the International Meat Council, a new body set up to monitor the world meat trade, but added "you are living in cloud cuckoo land if you expect something to happen quickly."

On sheepmeat, the Bureau of Agricultural Economics forecast a rise in sheep prices of at least 10 per cent, with lamb prices rising by 13 per cent. Exports of lamb would rise to 45,500 tonnes in 1981, with most of the increase going to middle east markets. Exports of live sheep would rise by 800,000—to 6.5m.

Again experts at the conference forecast that longer term the new EEC sheepmeat policy would harm Australian sheepmeat trade—largely because of increased competition from New Zealand, who would intensify marketing outside Europe after losing traditional business there.

Mr. Geoff Miller, director of the BAE, forecast the bulk of Australian agriculture moving into the 1980's with an optimistic market outlook, with wool, grains, sugar and meat looking promising. But he said the mining boom—and its consequent upward pressure on Australia's exchange rate—would damage farm incomes. A 2 per cent rise in the effective exchange rate would reduce the value added of rural production by around £90m a year.

The keynote speech, by Dr. T. Kelly White, the director of economics of the U.S. Department of Agriculture, forecast rising real prices for food and reduced food aid to under-developed countries.

He said the 80s would be a period of serious adjustment. Growth in agricultural production would be slower as maximum arable land was fully utilised, and more fragile land would be used, leading to wider swings in production. There would be a growing demand for animal protein, continued growth in trade, and relatively higher food prices. Demand for food was likely to grow by between 2.6 per cent to 2.8 per cent more rapidly than production.

The BAE predicts an 18 per cent rise in wool prices by the end of 1981, reaching $A5 a kilo. Australian Wool Corporation chairman David Asimus expected prices to be 10 cents less, because of slower world economic recovery. Australian wool supply in the second half of the season would drop because of the drought: he expected the flock count in March to show the Australian flock had fallen to the lowest level in 25 years. During the eighties early stage processing would expand—to represent 30-35 per cent of annual wool production.

DEER FARMING

NZ turns to venison and velvet

BY JOHN CHERRINGTON IN NEW ZEALAND

EXACTLY five years ago when I was here last a deer farm in South Canterbury was being set up on 600 acres of thin shingle land which, without irrigation, would have carried no more than one sheep an acre. Now completely under irrigation, the pastures are stocked with the equivalent of seven ewes an acre including land devoted to red deer, which it is estimated equals one deer to two sheep for all the year round grazing.

I used to imagine that the deer was a shy browsing creature, unlikely to thrive under lush pasture conditions. But the deer I saw on this visit were curious, rather than shy, and quite obviously thriving on good clover-rich pastures. The total stock added up to 1,700 head including some 600 fawns of this year's calving, and a number of stags for harvesting velvet.

Deer, I was told, suffered from some of the diseases affecting sheep on the same sort of land, notably pulpy kidney which was prevented by vaccination. In some cases they can suffer from contagious abortion and TB, although this had not been the case here. Because they did not need shearing or foot rot treatment, and never seemed to need help when dropping their offspring, the manager declared they were easier than sheep.

The farm was enclosed by a 6 ft deer fence, but the internal fences were no more than 4 ft high and seemed to be respected by the deer. They could be worked by quiet dogs and, I was told, a certain amount of cunning. Once in the yards they gave no trouble. We inspected them by car and they allowed it to circulate among them.

It is obvious that deer farming in New Zealand is out of the pioneer stage and the rapid expansion of the last few years. This boom was based on the high price of antler velvet, and the demand for breeding stock by those wishing to enter the industry. Of these the high price of breeding hinds was certainly the more important. Ten years ago the NZ forestry service was spending NZ$500,000 annually culling deer to protect the forests.

Five years ago the price of wild hinds captured by helicopter—a decidedly rough and hazardous operation for both man and deer—reached astronomical heights. Today, thanks to the increase in domestic stocks, the price of a captured hind is around NZ$500, although the asking price is higher. Wild deer are getting scarcer, poachers are driven to invade private property and there is a good deal of strife in some districts because of it.

The number of farmed deer in New Zealand has now risen to some 120,000, and the economics of the industry are under a certain amount of investigation. The heady days of the velvet boom have for the moment passed, and their return must be open to doubt.

The velvet market has weakened considerably and the price of fresh or "wet" velvet has more than halved to about NZ$50 per kilo, simply because the Korean market has been flooded by Chinese and other supplies. Even so, a good stag will harvest 4 kilos, still a profitable return.

Deer farmers are looking to venison as a more stable market in the future. The present price of venison (usually shot) is NZ$3.50 a kilo, rather more than three times the price for lamb. Output of sheepmeat and venison is probably comparable on an acreage basis, and it is obvious that there are opportunities here.

Present exports are negligible and the only market appears to be West Germany. There are as yet no facilities for slaughtering and processing venison under the strict conditions of hygiene which would be necessary should the industry grow as it looks like doing.

If the market is to absorb the output of an expanded deer farming industry some very hard selling will be needed. But deer farming is only one of the directions in which New Zealand is diversifying its farming industry as a counter to dependence on traditional exports of lamb and dairy products.

BRITISH COMMODITY MARKETS

BASE METALS

COPPER—Lost ground in line with bullion in good two-way business on the London Meal Exchange. After opening at £783, forward meal declined steadily duringt he day to a low of £775, rallying towards the close to finish at £781. Turnover: 25,300 tonnes.

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Wirebars				
Cash	756-7	—18.2	756.5-7.5	—11
3 months	779-80	—8.75	779.5	—11.5
Settlem't	757	—10	—	
Cathodes				
Cash	748-.9	—8.5	746-8	—11.5
3 months	764.5-5	—10.5	764-5	—12
Settlem't	749	—8.5	—	......
U.S. Prod	—		*98.81	......

Amalgamated Metal Trading reported that in the morning cash wirebars traded at £755, 56, 57; three months £778, 77.5, 78, 79, 80, 81, 80.5, 80. Cathodes: Cash £749; three months £765. Kerb: Wirebars, three months £780, 79, 78.5, 78, 77.5, 77. Afternoon: Wirebars, three months £777, 78, 78.5, 79, 79.5, 79, 19.5. Cathodes: Three months £764. Kerb: Wirebars Three month £780, 79.5, 80, 80.5, 81.

TIN—Steady in more active trading. Forward metal remained around the £5,940 level for most of the day, edging up to close on the late Kerb at £5,950. Turnover: 1,025 tonnes.

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —
High Grade	£	£	£	£
Cash	5800-5	—18	5795-800	+12.5
3 months	5940-5	—15	5940-50	+12.5
Settlem't	5805	—10	—	......
Standard				
Cash	5800-5	—10	5795-800	+12.5
3 months	5940-5	—15	5940-50	+12.5
Settlem't	5805	—10	—	......
Straits E.	$630.32	—	—	......
New York	—	......		

Morning: Standard, cash £5,790, 5,800, 5,795, 5,800; three months £5,490, 35. Afternoon: Standard, cash £5,790; three months £5,940, 35, 30, 40. Kerb: Standard, three months £5,950.

LEOD—Came under pressure in fairly active conditions. After opening little changed at £292; three months material slipped to a low of £284 before rallying to close at £286.5. Turnover: 20,975 tonnes.

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —
	£	£	£	£
Cash	278-9	—6.5	273.5-4	—10.2
3 months	289.5-9.5	—8.75	285-.5	—10.5
S'ment	279	—6.5	—	......
U.S. Spot	—	......	*34-7	......

Morning: Cash £279; three months £289, 90, 90.5, 90. Kerb: Three months £290.5, 90, 89.5, 89. Afternoon: Cash £273.5, 74, 74.5; three months £285, 86, 86.5, 87, 86.5, 86, 85, 84, 84.5, 85. Kerb: Three months £286, 87, 86.5, 87, 86.

ZINC — Traded within the range between £318 and £323 all days, finally closing at £318.5. Turnover: 33,675 tonnes.

ZINC	a.m. Official	+ or —	p.m. Unoffic'l	+ or —
	£	£	£	£
Cash	306-7	—2.25	306-7	—5.5
3 months	318.5-9	—2	318-.5	—5.5
S'ment	307	—2	—	......
Primw'ts	—	......	*41.6	......

Morning: Cash £306.5; three months £318, 17, 18, 18.5, 18, 17, 18, 18.25, 18.5. Kerb: Three months £318.5, 18. Afternoon: Three months £317, 17.5, 18. erb: Three months £318, 18.5, 18.

ALUMINIUM — Remained steady throughout the day around the £600 level, wiht the low being £598 and the closing at the day's high of £603.5. Turnover: 6,875 tonnes.

Alumin'm	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
	£	£	£	£
Spot	578.5-9.5	—1	579-.5	—4.25
3 months	599.5-600	—.25	599-600	—4

Morning: Three months £598, 99, 98, 98.5, 89, 97.5, 98, 99, 600, 599.5, 600. erb: Three months £599. Afternoon: Three months £598, 98.5, 99.5. erb: Three months £599, 600, 601, 02, 03.

NICEL—Lower in quiet trading. The day's low was £2,610, and the closing level on the late erb was £2,625. Turnover: 270 tonnes.

NICKEL	a.m. Official	+ or —	p.m. Unoffici'l	+ or —
Spot	2640-50	—50	2640-2	—24
3 months	2620-25	—27.5	2620-5	—10

* Cents per pound. FMS per kilo. † On previous unofficial close.

Morning: Three months £2,610, 15, 20, .52 erb: Three months £2,620. Afternoon: Three months £2,620, 25. erb: Three months £2,625.

SILVER

Silver was fixed 18.85p an ounce lower for spot delivery in the London bullion market yesterday at 542.95p. U.S. equivalents of the fixing levels were: spot $13.05, down 42.5c; three-month $13.64, down 43.1c; six-month $14.218, down 42.9c; and 12-month $15.228, down 46.3c. The metal opened at 538p-547p ($12.95-$13.15) and closed at 534p-543p ($12.80-$13.00).

SILVER per troy oz.	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	542.95p	—18.8	535.5p	—31.5
3 months	561.80p	—17.3	554.0p	—32.5
6 months	581.50p	—16.7	—	......
12 months	617.95p	—17.7	—	......

LME—Turnover 254 (118) lots of 10,000 ounces. Morning: cash 543, three months 560, 61, 60, 63, 64, 65, 66, 67, 66, 63, 62.5, 63. Kerbs: three months 565. Afternoon: three months 550, 48, 49, 50, 51, 50, 49, 48, 49, 55, 57, 56, 55. Kerbs: three months 557, 56.

COCOA

Cocoa futures remained steady while continuing to trade within a narrow range for prices to close with gains of £5. The 4th quarter UK grinding figure revealing an increase of 23.6 per cent d shittle impact on market sentiment while physical business again reflected small producer sales and further manufacturer price fixing, reports Gill and Duffus.

COCOA	Yes'rday's Close	+ or —	Business Done
March	841-843	+4.5	843-838
May	865-866	+5.0	868-862
July	890-891	+5.5	894-887
Sept	911-912	+3.0	914-908
Dec	941-942	+3.0	945-940
March	965-967	+2.5	970-963
May	985-988	+3.5	985-984

Sales: 2,138 (1,760) lots of 10 tonnes.

ICCO Futures—Daily price for Jan. 28: 93.21 (92.88): 10-day average 94.60 (94.73); 15-day average 94.60 (94.78).

COFFEE

In line with expectations London opened with marginal losses in mixed dealings, reports Drexel Burnham Lambert. Continued weakness in the afternoon reflected a lower than anticipated New York market which attracted heavy commission house selling into London. A breakthrough of recent chart support levels also triggered further losses and values finished on the days lows.

COFFEE	Yesterday's Close	+ or —	Business Done
	£ per tonne		
January	945-958	—17.0	962-955
March	971-972	—24.0	995-972
May	995-997	—18.5	1017-97
July	1011-13	—17.5	1033-11
Sept	1027-30	—14.0	1043-29
Nov	1028-32	—16.0	1047-36
Jan	1038-51	—8.0	—

Sales: 2,388 (2,290) lots of 5 tonnes.

ICO Indicator prices for January 28: (U.S. cents per pound): Other Mild Arabicas 121.67 (same); Robustas ICA 1976 119.25 (119.00); ICA 1968 119.50 (119.25). Unwashed Arabicas unquoted. Comp. daily ICA 1968 unquoted.

GRAINS

LONDON GRAIN FUTURES—The market opened 20p-30p lower on old crop wheat, good buying support was seen at these levels and values held steady in fairly quiet trade. The market improved slightly due to lack of sellers to close 10p-15p down on the day. Barley opened 5p lower, selling pressure on the March and May option at 95p lower sellers evaporated and the market rallied slightly to close steady 70p-75p down on the day. New crops remained quiet, some hedge selling eased values slightly to close 15p-25p lower on the day, reports Acli.

M'nth	WHEAT Yesterd'ys close	+ or —	BARLEY Yesterday close	+ or —
Mar	107.65	—0.15	97.75	—0.70
May	111.85	—0.10	101.40	—0.75
July	115.75	—0.15	—	......
Sept	100.00	—0.15	94.60	—0.25
Nov	103.80	—0.15	98.45	—0.30

Business done—Wheat: March 107.70-107.50, May 111.85-111.65, July 115.75-115.70, Sept. 100.10-100.10, Nov. 103.95-103.90. Sales: 165 lots of 100 tonnes. Barley: March 98.25-97.55, May 102.10-101.25, July no trade, Sept. 94.75-94.75, Nov. 98.50-98.50. Sales: 297 lots of 100 tonnes.

LONDON GRAINS—Wheat: U.S. Dark Northern Spring No. 2, 14 per cent: March 107.75 transhipment East Coast, seller. U.S. Hard Winter, 13½ per cent: Feb. 102.25, March 102.75 transhipment East Coast, sellers. English Feed, fob, first-half March 111.25 paid East Coast. Maize: French: Jan. 121, Feb 122.5 East Coast, sellers. South African Yellow: Feb.-March 86.50, sellers. Barley: English Feed, fob: Feb. 102 sellers East Coast. April 104.50 paid East Coast. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed barley: S East 96.00, S. West 95.70, W. Midlands 97.00, N. West 97.20. The UK Monetary Coefficient for the week beginning Monday February 2 is expected to decrease to 0.838.

RUBBER

The London physical market opened slightly steadier with little interest at higher levels, closing easier. Lewis and Peat reported an fob February price for No. 1 RSS in Kuala Lumpur of 306 (305) cents a kg and SMR 20 at 261 (260) cents.

No. 1 R.S.S.	Yest'rd'ys close	Previous close	Business Done
Mar.	56.50-57.60	57.70-57.80	56.70-56.60
Apr.	57.60-57.80	58.20-59.00	—
Apr-Jne	59.00-59.10	60.00-60.10	60.10-58.40
Jly-Sept	62.10-62.20	63.10-63.20	63.20-61.80
Oct-Dec	65.10-65.20	66.10-66.20	66.00-65.00
Jan-Mar	68.00-68.10	69.00-69.10	68.10-68.00
Apl-Jne	71.00-71.10	72.00-72.10	71.10-71.00
Jly-Sept	73.90-74.00	74.90-75.00	74.50-74.20
Oct-Dec	76.90-77.00	77.80-77.90	77.50-77.00

Sales: 405 (181) at 15 tonnes, and 13 (5) at 5 tonnes. Physical closing prices (buyer) were: Spot 55.50p (56.00p); March 60.00p (60.75p); April 60.25p (61.00p).

SOYABEAN MEAL

The London market opened £1 lower in quiet trading conditions, reports T. G. Roddick. Prices continued to erode with lack of buying interest to close £2-£3 lower on the day.

	Yest'rd'ys Close	+ or —	Business Done
	£ per tonne		
February	112.50-17.0	—0.75	114.00-13.80
April	117.70-17.9	—3.45	120.80-17.70
June	120.20-25.5	—2.35	125.80-19.80
August	122.50-25.5	—2.25	125.00
October	120.50-22.9	—2.50	—
December	124.00-28.5	—1.58	—
February	125.00-28.5	—2.0	—

Sales: 104 (372) lots of 100 tonnes.

SUGAR

LONDON DAILY PRICE (raw sugar) £258.00 (£262.00) tonne cif for Jan.-Feb.-March shipments. White sugar daily price was £289.00 (£292.00).

The market opened unchanged but the sharp fall in gold stimulated long liquidation and prices eased some £3. Later New York also turned downwards and final prices were some £10 below the lowest levels, reports C. Czarnikow.

No. 4 Contract	Yesterd'ys Close	Previous close	Business Done
	£ per tonne		
Mar	288.00-66.40	279.00-79.25	291.00-65.25
May	269.25-69.50	282.50-82.75	284.25-69.00
Aug	258.50-58.75	275.50-80.00	280.00-68.75
Oct	254.25-64.50	275.00-75.25	274.00-64.00
Jan	244.50-46.00	255.00-56.00	255.00-52.00
March	245.00-48.00	255.25-55.50	256.00-48.00
May	245.00-46.00	254.00-55.00	255.00-52.00

Sales: 11,132 (8,327) lots of 50 tonnes.

Tate and Lyle ex-refinery price for granulated basic white sugar was £342.5 (same) a tonne for home trade and £344.50 (£350.00) for export.

International Sugar Agreement (U.S. cents per pound) fob and stowed Caribbean port. Prices for January 28: Daily price 26.37 (27.19); 15-day average 27.35 (27.66).

WOOL FUTURES

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business, sales). New Zealand cents per kilo. Jan. 342 buyer, nil, nil; March 352, 357, nil, nil; May 359, 363, nil, nil; Aug. 369, 373, nil, nil; Oct. 373, 378, 375, 1; Dec. 379, 384, 382-380, 6; Jan. 382, 386, 384-381, 7; March 384, 387, 385, 5; May 384, 390, nil, nil. Sales: 19.

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business, sales). Australian cents per kilo. March 492.5, 493.0, 494.0-491.0, 101; May 504.0, 505.0, 506.5-502.0, 158; July 515.2, 515.9, 518.0-515.0, 171; Oct 508.0, 509.0, 512.0-508.0, 30; Dec 514.0, 514.0, 516.0-512.0, 83; March 519.0, 520.0, 522.0-517.0, 30; May 522.0, 523.0, 528.0-520.0, 10; July 526.5, 527.5, 526.0-523.5, 5. Sales: 648.

POTATOES

LONDON POTATO FUTURES—Early selling pressure on April found profit taking, with some fresh buying, and values recovered much of the loss before easing again at the close. February continued to ease back with little interest, with November steady in a narrow range, reports Coley and Harper. Closing prices: Feb. 44.00 —50 (44.00 one trade); April 56.40 —80 (high 56.75, low 55.80); November 53.80 +10 (high 54.10, low 53.80). Turnover: 140 (165) lots of 40 tonnes.

PRICE CHANGES

	Jan. 29 1981	+ or —	Month ago
Metals			
Aluminium	£810/815	....	£810/815
Free Mkt	$1400/1450	....	$1400/490
Copper			
Cash w'bar	£757	—11	£791
3 mths.	£779.25	—11.5	£806.75
Cash Cathode	£747	—11.5	£770
3 mths.	£764.5	—12	£786
Gold troy oz.	$490.5	—34	$589.5
Lead Cash	£273.75	—10.25	£504.5
3 mths.	£285.25	—10.5	£316.5
Nickel	£3 226.57	......	£5,216*
Freemkt	270.290c	......	275/290c
Platin'm'tr'y oz	£202	....	£203
Freemkt	£185.60	—11.6	£241.95
Quicksilvert	$370/380	......	$355/365
Silver troy oz.	542.95p	—16.85	550.50p
3 mths.	561.80p	—17.3	573.70p
Tin Cash	£5,797.5	+12.5	£6,260
3 mths.	£5,945	+12.5	£6,347.5
Tungsten22.04lb	$143.90	......	$141.97
Wolfrm 22.04 lbs	$143/151	......	$143/146
Zinc Cash	£306.5	—5.5	£331.5
3 mths.	£318.25	—5.5	£343
Producers	$823	......	$823
Oils			
Coconut (Phil)	$600z	—10	$610
Groundnut	......		......
Linseed Crude	£412y	......	£460
Palm Malayan	$615x	+5	$625
Seeds			
Copra Philip	$410y	+5	$430
Soyabean(U.S.)	$508.50y	......	$518
Grains			
Barley Futures	£101.40	—0.75	£99.35
Maize			
French	£121	......	
Wheat			
No 1 Red Spg.		......	
No2 HardWint	£102.25y	......	£105.25
Eng. Millingt		......	
Other commodities			
Cocoa ship't	£928	+5	£973
Future May	£865.5	+5	£897
CoffeeF t'Mar.	£971.5	—24	£1036
Cotton A.index	96.90c	......	100.50c
Rubber (kilo)	55.50p	—0.50	56.75p
Sugar (Raw)	£258	—4	£280
Woolt'ps 64s kl.	304p kilo	......	297p kilo

† Unquoted. w March. y Feb. x Jan.-Feb. u Feb.-March. t April. z Indicator. § Buyer. ‡ Per 75 lb flask. * Nominal.

COTTON

LIVERPOOL—Spot and shipment sales amounted to 193 tonnes, bringing the total for the week so far to 1,188 tonnes. Renewed pressure for supplies brought a moderate uptake. Additional orders were arranged in various American type varieties with constant interest shown in African and South American growths.

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SMITHFIELD—Pence per pound—Beef: Scotch killed sides 68.0 to 72.0; Ulster hindquarters 78.0 to 85.0, forequarters 52.0 to 57.0; Eire hindquarters 78.0 to 80.0, forequarters 52.0 to 5 0 5. Veal: Dutch hinds and ends 107.0 to 110.0. Lamb: English small 56.0 to 64.0, medium 54.0 to 64.0, heavy 48.0 to 52.0. Imported frozen: New Zealand pl 55.0 to 56.0, pm 54.0 to 55.0. Pork: English, under 100 lbs 42.0 to 50.0, 100-120 lbs 40.0 to 49.0, 120-160 lbs 27.5 to 44.0. Partridges: Young (each) 140.0 to 160.0. Pheasants: Best (per brace) 350.0 to 480.0, medium (each) 135.0 to 160.0.

MEAT COMMISSION—Average latstock prices at representative markets on January 29. GB cattle 83.61p per kg lw (—1.12). UK sheep 137.31p per kg est dcw (—1.79). GB pigs 66.06p per kg lw (—0.15).

★

COVENT GARDEN—Prices for the bulk of produce, in sterling per package except where therwise stated: Imported Produce: Oranges—Jaffa: Shamoutis 50/189 4.20-5.05; Spania: Navelinas 48/54/60 4.00, 70 3.70, 80/90/100 3.50, 112 3.40, 135/150 3.00;

AMERICAN MARKETS

NEW YORK, January 29.

PRECIOUS METALS had a major short covering rally erasing most of the early losses. Copper found good trade support on the early sell-off and finished moderately lower. Sugar suffered from trade selling and commission house liquidation, finishing sharply lower. Cocoa was basically unchanged in light trading. Coffee was initially lower on dealer and trade hedging but rallied sharply on the close. The meat complex finished lower. Grains and soyabeans collapsed on continued lack of export demand and good moisture forecast in production areas, reported Heinold.

Copper—Feb. 81.75 (82.00). March 83.00-83.10 (83.40). April 84.50, May 85.80-86.00, July 88.30, Sept. 90.40-90.50, Dec. 93.80, Jan. 94.15, March 95.90, May 97.50, July 93.10, Sept. 100.70, Dec. 103.10.

Potatoes (round Whites)—March 137.5-139.0 (138.5). April 162.7-163.0 (162.2). Nov. 86.5-87.9. Sales: 1,574.

Sugar—No. 11: March 26.20-26.40 (27.94). May 26.50-26.60 (28.37). July 27.70. Sept. 27.00. Oct. 25.72. Jan 24.40. March 24.49. May 24.43. Sales: 14,570.

Tin—843.0-852.0 (844.0-854.0).

CHICAGO, January 29.

Lard—Chicago loose 19.75 (20.00). Live Cattle—Feb. 62.00-61.90 (62.40). April 65.50-65.35 (65.15). June 68.15-68.05. Aug. 69.05-69.20. Oct. 67.90. Dec. 69.40-69.30. Feb. 70.50.

Live Hogs—Feb. 44.40-44.50 (44.77). April 46.95-47.10 (47.32). June 51.95-52.05. July 53.15-53.20. Aug. 52.55. 52.25. Oct. 51.45. Dec 54.07. Feb. 54.90. April 54.50.

‡‡Maize—March 355¾-354¼ (361¼). May 366½-366 (373¼). July 371½-371¼. Sept. 365¾-365½. Dec. 361¾-361½. March 370½.

Pork Bellies—Feb. 54.60-54.75 (54.95). March 55.50-55.80 (56.12). May 57.70-57.90. July 59.75. Aug. 59.05. Feb. —.

†Soyabeans — March 715½-714½ (737½). May 740-742 (764¼). July 763½-762. Aug. 769. Sept 776. Nov. 791-792½. Jan. 811. March 831.

‖Soyabean Meal—March 208.5-209.0 (215.9). May 216.5-217.0 (223.6). July 223.0-222.5. Aug. 225.5-226.0. Sept. 229.0-229.5. Oct. 228.5-229.5. Dec. 233.0. Jan. 35.0-236.0. March —. May—.

Soyabean Oil—March 22.75-22.80 (23.39). May 23.50-23.45 (24.24). July 24.30-24.20. Aug. 24.60-24.50. Sept. 25.00-24.90. Oct. 25.30. Dec. 25.80. Jan. 26.05. March 26.50. May —.

†Wheat—March 463-464½ (470½). May 470½ (479¾). July 455½-458. Sept. 469. Dec. 492½-493. March 503¼.

WINNIPEG, January 29. §Barley—March 150.50 (153.50). May 150.70 (152.70). July 150.40. Oct. 151.40. Dec. 150.50.

All cents per pound ex-warehouse unless otherwise stated. * $ per troy ounce. ¶ Cents per troy ounce. ‡‡ Cents per 56-lb bushel. † Cents per 60-lb bushel. ‖ $ per short ton (2,000 lbs). § $Can. per metric ton. §§ $ per 1,000 sq. feet. ‡ Cents per dozen. †† $ per metric ton.

Wednesday's closing prices

††Cocoa—March 1955 (1937). May 2010 (1992). July 2060. Sept. 2110. Dec. 2170. March 2225. May —. Sales: 1,645.

Coffee—"C" Contract: March 120.25-120.50. May 125.50-125.75 (125.19). July 128.25-128.50. Sept. 130.25-130.40. Dec 130.49. March 128.60-128.70. May 128.80. Sales: 2,310.

Cotton—No. 2: March 88.41-88.60 (87.41). May 90.20-90.30 (89.05). July 91.20-91.45. Oct 87.35. Dec. 84.40-84.50. March 85.30-85.60. May 85.75. July 86.40-87.00. Sales: 7,050.

*Gold — Feb. 505.0-508.0 (520.5). March 514.0 (527.5). April 520.0-523.0. June 533.0-536.0. Aug. 545.5. Oct. 558.0-560.0. Dec. 575.2-577.0. Feb. 586.0-589.0. April 600.0. June 616.7. Aug. 630.3. Oct. 643.9. Sales: 50,000.

Orange Juice—March 125.50-126.00 (123.40). May 128.00-128.10 (125.00). July 129.50. Sept. 131.50-131.80. Nov. 131.00. Jan. 127.90. March 129.00-129.50. May 130.10-130.50. Sales: 2,300.

*Platinum—Feb 453.5 (474.4). March 465.5 (same). April 471.0-472.0. July 492.5. Oct 512.0. Jan. 533.5. April 552.5. Sales: 1,479.

¶Silver—Feb. 1355.5 (1345.0). March 1350.0-1358.0 (1365.0). May 1390.0-1400.0. July 1438.0. Sept. 1475.5. Dec. 1535.0. Jan. 1554.5. March 1590.0. May 1632.5. July 1671.5. Sept. 1710.5. Sales: 3,000. Handy and Harman bullion spot:

CHICAGO, January 28.

Chicago Imm Gold — Feb. 508.5 (521.0). March 513.5-513.0 (528.0). April 520.0. June 534.5-523.0. July 539.8. Sept. 552.6. Oct. 559.0. Dec 572.0. Jan. 578.5. March 591.4.

‖Soyabean Meal—March 215.7-216.0 (218.2). May 223.7-223.5 (225.7). July 229.8-230.0. Aug 232.8. Sept. 255.0. Oct. 234.5-235.5. Dec. 237.0. Jan. 239.0. March —. May —.

§Wheat—SCWRS 13.5 per cent protein content cif St. Lawrence 277.50 (278.05).

EUROPEAN MARKETS

ROTTERDAM, January 29.

Wheat—U.S. No. Two Dark Hard Winter 13.5 per cent Feb. $222. March $2224. April $229. May $231. U.S. No. Two Red Winter Feb. $216. March $218. April $222. May $226. U.S. No. Two Northern Spring 14 per cent March $241. April/10 May $219. April/May $218. May $218. June $218.50. July $219.50.

Maize—Spot $170, afl $169, Jan. $171.50, Feb. $169, March $169.50, April/June $176, July/Sept. $179.50, Oct./Dec. $175.50 Jan./March $185.50.

Soyabeans—U.S. No. Two Yellow Gulfports Feb. $300.50, March $303.50, April $311, May $314.50, June $319.50, July $321, Aug. $324, Sept. $326.75, Oct. $327.25, Nov. $328.50, Dec. $334.50. Argentine June/July $315.25. Options Argentine/Brazil/Paraguay/Gulf May/June/July $314 sellers. Soyameal—44 per cent protein U.S. afl $270, Feb. $269, March $274, April $277, May $284, Sept. $288, Nov./March $301. Brazil Pellets Jan. $284, Feb./March $287, April $291.50, March $291, April/June $294.50, April/Sept. $298.50.

PARIS, January 29.

Cocoa (FFr per 100 kilos)—March 932/40, May 958/70, July 976, Sept. 1038/45, Dec. 1055/66, March 1081/89. Sales at call: Nil.

Sugar (FFr per tonne)—March 3285/3291, May 3224/3225, July 3180/3220, Aug. 3180/3188, Oct. 3056/3075, Nov unquoted, Dec. 2830/2900, March 2780/2910. Sales at call: 61.

INDICES

FINANCIAL TIMES

Jan. 28	Jan. 27	Month ago	Year ago
252.57	251.59	262.53	304.64

(Base: July 1, 1952=100).

MOODY'S

Jan. 28	Jan. 27	Month ago	Year ago
1165.2	1167.6	1215.8	1422.9

(December 31, 1931=100)

DOW JONES

Dow Jones	Jan. 28	Jan. 27	Month ago	Year ago
Spot	428.66	424.18	442.16	444.67
Fut's	443.10	443.61	464.80	460.79

(Average 1924-25-26=100)

REUTERS

Jan. 28	Jan. 28	M'nth ago	Year ago
1674.6	1680.5	1713.0	1809.5

(Base: September 18, 1931=100)

LONDON STOCK EXCHANGE

Gilts improve and new tap trades at useful premium
Equities follow—Index up 3.7 at 463.1—Golds weak

Account Dealing Dates
Option

*First Dealings	Declarations	Last Dealings	Account Day
Jan. 12	Jan. 22	Jan. 23	Feb. 2
Jan. 26	Feb. 5	Feb. 6	Feb. 16
Feb. 9	Feb. 26	Feb. 27	Mar. 9

* "New time" dealings may take place from 9 am two business days earlier.

Encouraged initially by hopes of an imminent reduction in domestic interest rates, both Gilt-edged securities and equities staged a useful revival yesterday.

Gilts claimed most of the interest, the feature being the *start of trade in the new £40-paid* **Exchequer Convertible 1985**, *more than half of which was* sold at application on Wednesday; aggressive demand from the opening enabled the Government broker to sell stock at ¼ and ½ premium and later to establish his price at ½ premium, with the market price settling at ⅞ premium in the after-hours' dealings. Elsewhere in the sector, the absence of a *reduction in Minimum Lending* Rate at 12.30 pm caused some disappointment and prices faltered before hardening again in the late dealings. Closing gains in the longs ranged to ¼.

Helped by the firmness in Gilts, leading equities mounted a small technical rally after *Wednesday's setback but* Engineerings remained unsettled by *recent adverse rumours and* by the CBI's depressing remarks on the outlook for manufacturing industry. Early uncertainty in the leaders was reflected in a fall of 1.9 in the FT 30-share index at 10.00 am, but prices soon started to improve and, after showing a rise of 4 points at 2.00 pm, *the index finished* the day a net 3.7 higher at 463.1.

Two new bids enlivened the take-over scene and trading *statements* also claimed a good deal of attention with **Racal** providing a prominent feature on the better-than-expected half-yearly results.

Hambros better

The strength of the U.S. dollar militated against gold bullion which went straight through a hoped-for support level of $500 an ounce and closed $34 down at $490½. In sympathy, South African Gold shares showed widespread and substan*tial falls which resulted in the* FT Gold Mines index dropping *24.2 to 281.4, its lowest since* April 1 last year.

Quieter conditions prevailed in Traded options and contracts completed amounted to 804—well below Wednesday's 1,335 and last week's daily average of 1,124. **Lonrho** again traded actively with 221 deals arranged, while strong buying was also noted for **Racal** which attracted 279 trades with the February 300's, 10 up at 22p, accounting for 151 following the interim *statement.*

Banks passed a quiet session *and closed mixed.* **Hambros** revived with a rise of 12 to 612p *on renewed investment support,* while **Charterhouse** put on 2 to 91p *as did* **Wagon Finance**, to 47p. **NatWest** edged forward a penny to 378p, but **Lloyds** eased 3 to 342p and **Midland** gave up 2 to 330p.

Insurances had another quietly firm day, closing with improvements ranging to 10. Composites were to the fore with **Sun Alliance** finishing that much higher at 706p and **GRE** put on 6 to 308p. **Commercial Union** rose 3 to 147p; the preliminary results are due on *February* 24. Life issues made a little progress *with* ***Hambro Life*** *ending 3 up* at 309p, after 312p.

Having been a volatile sector in the past few days, Breweries passed a much steadier session and ended with small gains. **Irish Distillers** were marked 5 lower at 50p following the substantial excise increases announced *in* the Irish Budget.

Fraser rise afresh

Easier at first on profit-taking, leading Buildings picked up to close with minor losses on balance. **Tarmac** finished just 2 cheaper at 264p, after 262p, while **Blue Circle** closed unchanged at 348p, after 346p. **Redland** eased *3 to 162p and* ***BPB*** *a couple of* pence to 236p. Secondary issues displayed narrow mixed movements. **Travis and Arnold** added 2 more to 114p, but **Richards and Wallington**, a strong market of late on takeover hopes, relinquished a penny to 29p. **MDW** picked up 3 to 53p and **Y. J. Lovell** 2 to a 1980-81 peak of 195p, but **British Dredging** eased a penny *to 19p.*

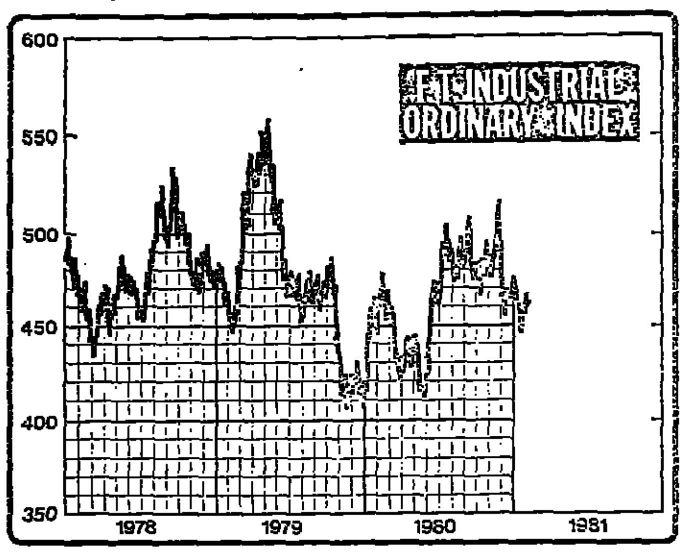
Chemicals had **Allied Colloids** 4 dearer *at 117p on revived* speculative interest, but **Leigh** ***Interests*** *that much cheaper* at 175p on small selling. **ICI** touched 290p before closing a couple of pence firmer on balance at 288p.

House of Fraser attracted good support and closed 3 better at 143p, still 7 below the rejected offer from **Lonrho**, which closed a penny cheaper at 96p. Other Store majors ended with modest gains after a subdued business. **W. H. Smith** added 3 to 143p. Speculative demand provided some useful movements among secondary issues. **Cornell Dresses** advanced 7 to 82p, while ***Polly Peck*** *hardened 3 to 180p.* **Lincroft Kilgour** firmed 4 to 27p and **Cantors "A"** rose 3 for a two-day gain of 7 at 50p. **Austin Reed "A"** gained 3 more to a 1980-81 high of 75p and call option business helped **Grattan Warehouses**, 6 higher at 64p. In contrast, profit-taking clipped 4 from **Kean and Scott**, 38p, while **Harris Queensway** eased 2 more to 188p.

Standing a few pence harder immediately ahead of the *interim statement,* **Racal Electronics** rose steadily to touch *320p following the better-than-*expected first-half profits before *easing on profit-taking to close* a net 4 up at 310p. Other Elec*trical majors were stimulated by* Racal's figures, but failed to hold their best levels. **GEC** finished only 3 dearer at 603p, after 607p, while **Plessey** added 5 to 280p, after 281p. Secondary issues were featured by **Muirhead** which jumped 13 afresh to 101p on continuing bid hopes, with Tyco Laboratories again named as the possible suitor. **Lec** ***Refrigeration*** *revived with a* gain of 7 at 97p, while **Cray Elec*tronics*** *put on 4 to 88p.* **Brocks**, however, came on offer and shed 2 to 18p, while **Electronic Rentals** receded 3 to 89p.

Down 3 on Wednesday on adverse rumours, **Duport** succumbed *once more to nervous* selling fuelled by continuing talk that the company had acute liquidity problems and the price slumped 7 to 7p. The Engineering leaders regained some composure after Wednesday's setback with **Tubes** rallying 6 to 164p and **Hawker** also improving 6, to 250p. **GKN** picked up 2 to 135p as did **John Brown**, to 60½p; the latter's interim statement is due today. Elsewhere, **Eva** ***Industries*** were marked up 4 to 41p on the bid from Anglo-*Indonesian, while* ***Hill and Smith*** improved a couple of pence to 58p on the higher profits *and* proposed 10 per cent scrip issue. **Aurora** came on offer and shed 3 to 24p and **Charles Clifford** relinquished 2 to 36p. **Birmingham Mint**, at 193p, lost 7 of the previous day's rise of 22 which followed hopes of orders from the Royal Mint for the proposed new 20p and £1 coins.

Secondary issues provided the main points in Foods. Up 44 on *Wednesday on the rejected share* exchange bid, currently worth 148½p *from* Avana, **Robertson** attracted a useful two-way business before closing 3 dearer at 144p; Avana, at 198p, recovered 6 of the previous day's drop of 20. **Home Farm Products** firmed 2 to 85p in response to good interim results, while **Bernard Matthews** added 6 to 341p in a thin market. Speculative interest was directed towards **Associated Fisheries** which added 2 to 63p, but **Glass Glover**, a good market of late on the annual results, shed 3 to 54p on profit-taking. **Carr's Milling**, an old takeover favourite, revived with a gain of 4 at 74p.



Barget up again

Leading Miscellaneous Indus*trials edged higher but features* were to be found among the *secondary issues. Continuing bid* speculation prompted a fresh *rise of 14 to 132p in* **Barget**, while **Macarthys Pharmaceuticals** gained 9 to 136p, after 138p, in response to the better-than-expected results. **Evode Holdings** put on 3 to 31p, also on satisfactory trading news, and **Wilkins and Mitchell** hardened a couple of pence to 40p after Press comment. **AAH** were good again at 188p, up 6, while **Brantons Musselburgh**, 52p, and **Smiths Industries**, 282p, added 4 apiece. Reflecting sharply reduced profits and the final dividend omission, **Lonsdale Universal** dropped 8 to 37p, after 36p, while **A. Holden** *relinquished* 6 to 86p on the announcement *that Metal Box had placed over* 17 per cent, or 1.25m shares, of *its 27.1 per cent stake in the* company with various institutions *at a price of around 83p per* share; **M.B.**, a nervous market of late in sympathy with other engineering majors, closed 6 dearer at 164p. Dealings in **Airfix Industries** were suspended at 8p prior to the announcement that a receiver had been appointed: the announcement unsettled other toy issues with **Friedland Doggart** ending 4 lower at 69p and **Cowan De Groot** a couple of pence down at 54p; the latter's interim figures are due next Tuesday. The agreed bid of 25p cash from Western Scientific Instruments saw **Negretti and Zambra** ease to 27p before closing a net penny down at 29½p. **Sotheby's** lacked support and fell 18 to 427p. Among the leaders **Turner and Newall** remained friendless at 70p, down a penny, but **Boots** put on 3 to 241p and **Glaxo** added 4 at 260p. *Pilkington rose 3 to 265p helped* by Press comment.

After opening a touch easier, Properties picked up on cheaper money hopes and, despite the unchanged Minimum Lendin Rate, retained modest gains. **Land Securities** and **MEPC** both *closed 3 dearer at 385p and 234p* respectively. Selected secondary issues attracted speculative interest, **Marler Estates** rising 6 to 74p pending bid developments. **Mountview Estates** revived and closed the same amount up at 154p, while **Trust Securities** put on 10 to 222p. In the wake of the interim figures, **Town and City** put on ¼ to 28¾p, after 29p.

Oils quiet

Business in Oils was relatively thin. **British Petroleum** shed 4 to 406p, but **Shell** ended unchanged at 430p, after 426p. Outside the leaders, **Floyd** put on 12 to 135p. **Sovereign** added 5 afresh to 395p awaiting a drilling report, while **Berkeley Exploration** firmed 8 to 223p. A Press mention helped **Candecca** to rise 5 to 215p.

Thomas Borthwick added a *couple of pence to 30p following* the chairman's statement at the annual meeting.

Greenbank Trust, in receipt of an offer estimated to be valued at round 132p per share from Malton Financial Services, touched 162p before a statement from the Board inviting shareholders to sell in the market rather than accept the offer left the shares only 4 up on balance *at 155p. Annual profits from* **Robert Kitchen Taylor** proved to *be better than the market had* feared and the close was 18 higher at 128p.

The rare occurrence of pleas*ing sector trading statement* provided a couple of good rises among Textiles. **Allied** *jumped* 11 to 127p following the better-than-expected *preliminary figures,* while **Textured Jersey** announced a near-20 increase in *first-half* profits and rose 3 to 67p.

Among Plantations, Far-Eastern support lifted **Malayan Rice Milling** 15 to 153p, while **Kuala Lumpur Kepong** firmed 6 at 115p; the latter announces annual results tomorrow.

Golds retreat

The sharp fall in the bullion price, finally $34 lower at $490.50 an ounce, unsettled the market in mining shares yesterday. The Gold Mines index gave up 24.2 to close at 281.4.

South African Golds were featured by **Western Deep**, which *lost £2¼ to £19½. Falls of between* £1 and £2 were common to **Hartebeest**, £23¾, **Western Holdings**, £25¾, **Free State Geduld**, £18⅝ (at a 1980/81 low of £18⅜), **St. Helena**, £14¼, **Vaal Reefs**, £30, **President Steyn**, £14¼, and **Southvaal**, £11⅝.

Among the lower-priced issues, **Durban Deep** and **ERPM** reached new lows at the common price of 687p each, down 103, while **East Driefontein** lost 97 to 978p, and **Winkelhaak** gave up 76 to 999p.

South African Financials reacted in sympathy with gold shares. **Gold Fields of South Africa** lost £2⅞ to £25, and **Gencor** shed 75 to 825p. **"Amgold"** gave up £2 to £34½ and **"Anamint"** £1⅞ to £36⅝, while **Transvaal Consolidated Land** shed £1 to £17 and **"Johnnies"** lost £1½ to £27. **Anglo American** weathered the storm better than most because of the spread of its industrial interests, and shed *only 20 to 540p.*

Australians opened firm in line *with overnight domestic markets,* but drifted later. **MIM Holdings** gained 3 to 195p, but **Peko-Wallsend** lost 5 to 405p and **Western Mining** dipped 4 to 240p.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS Figures in parentheses show number of stocks per section	Thurs., Jan. 29, 1981 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Wed., Jan. 28 Index No.	Tues., Jan. 27 Index No.	Mon., Jan. 26 Index No.	Fri., Jan. 23 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (211)	283.75	+0.2	14.91	5.82	8.18	283.06	284.01	280.70	276.58	234.81
2	Building Materials (26)	253.92	−0.4	18.39	6.80	6.49	255.04	256.45	250.03	246.61	230.34
3	Contracting, Construction (26)	429.40	−0.2	21.29	5.92	5.64	430.40	429.24	422.06	419.00	354.04
4	Electricals (27)	938.78	+0.7	9.67	2.80	12.73	932.57	931.65	924.95	904.71	593.83
5	Engineering Contractors (11)	382.88	−0.5	15.57	6.76	8.19	384.93	389.16	382.02	379.58	289.12
6	Mechanical Engineering (71)	166.16	+0.7	17.91	8.01	6.98	165.09	165.00	164.67	163.31	162.55
8	Metals and Metal Forming (13)	127.61	—	20.67	13.08	6.13	127.61	129.98	129.30	127.91	162.86
9	Motors (21)	85.58	—	22.43	9.76	5.14	85.57	86.34	84.70	84.57	114.25
10	Other Industrial Materials (16)	286.52	−0.3	16.00	7.49	7.43	287.47	289.19	285.91	283.52	0.00
21	CONSUMER GROUP (199)	238.37	+0.3	15.99	6.63	7.58	237.59	238.60	236.41	233.51	219.98
22	Brewers and Distillers (20)	264.70	+0.5	17.61	6.91	6.73	263.32	268.77	261.70	257.36	255.06
25	Food Manufacturing (23)	213.60	+0.1	18.41	7.42	6.45	213.42	213.28	212.49	211.12	201.81
26	Food Retailing (14)	455.49	−0.2	10.22	3.52	11.57	456.40	463.87	464.47	467.25	299.14
27	Health and Household Products (7)	253.85	+0.6	10.44	5.62	11.39	252.37	254.28	252.85	249.41	210.01
29	Leisure (22)	346.11	−0.8	16.16	6.61	7.63	348.88	348.56	344.62	339.75	305.51
32	Newspapers, Publishing (12)	424.76	—	21.49	7.34	6.04	424.76	423.75	419.65	420.77	435.56
33	Packaging and Paper (15)	112.97	+0.3	28.45	10.75	4.07	112.66	113.15	112.80	111.48	123.91
34	Stores (44)	248.44	+0.6	11.98	5.07	10.93	246.94	245.20	244.76	241.26	219.37
35	Textiles (21)	124.45	+0.2	20.64	10.84	6.33	124.23	124.56	123.81	125.56	126.19
36	Tobaccos (3)	209.39	+1.2	27.41	11.12	4.15	206.86	209.39	203.75	197.53	215.59
39	Other Consumer (18)	233.64	−1.6	16.41	9.18	7.52	237.49	236.32	235.53	234.54	0.00
41	OTHER GROUPS (78)	209.71	+0.2	18.79	8.17	6.36	209.33	210.75	209.14	207.38	204.95
42	Chemicals (15)	273.90	+0.5	21.35	9.69	5.48	272.53	275.59	274.38	271.41	302.87
44	Office Equipment (6)	99.75	—	18.66	8.33	6.36	99.80	100.94	99.81	98.92	116.40
45	Shipping and Transport (12)	538.46	−0.2	14.23	6.98	8.61	539.60	545.28	537.08	531.10	443.12
46	Miscellaneous (45)	255.55	—	17.35	6.67	7.09	255.57	255.22	253.20	252.15	242.79
49	INDUSTRIAL GROUP (488)	250.62	+0.3	15.99	6.55	7.58	249.92	251.00	248.52	245.42	227.10
51	Oils (12)	875.14	−0.6	27.44	6.01	4.06	880.42	861.40	873.97	859.62	747.54
59	500 SHARE INDEX	300.04	+0.1	18.59	6.43	6.33	299.81	300.87	298.01	294.02	268.26
61	FINANCIAL GROUP (118)	239.26	+0.4	—	5.58	—	238.29	237.63	236.67	233.02	174.75
62	Banks (6)	239.89	−0.2	42.65	7.11	2.81	240.37	238.73	238.00	237.65	223.39
63	Discount Houses (10)	303.50	−0.4	—	8.86	—	304.43	300.74	300.78	300.43	273.66
64	Hire Purchase (5)	210.14	+0.3	10.82	4.88	12.19	209.55	208.74	206.06	207.39	183.65
65	Insurance (Life) (10)	253.17	+0.1	—	5.21	—	252.91	249.80	246.48	239.55	173.44
66	Insurance (Composite) (9)	150.50	+1.0	—	7.77	—	149.17	149.80	149.12	147.03	130.59
67	Insurance Brokers (9)	415.33	+0.3	14.64	7.44	9.34	410.59	407.74	405.76	408.40	290.03
68	Merchant Banks (13)	147.46	+0.8	—	5.25	—	146.23	146.17	144.86	143.50	101.79
69	Property (45)	459.65	+0.6	3.23	2.69	42.99	456.85	457.24	451.86	437.27	356.04
70	Miscellaneous (11)	173.13	+0.2	15.84	5.35	8.02	172.71	171.13	169.53	169.11	128.70
71	Investment Trusts (109)	275.15	+0.3	—	5.50	—	275.90	274.62	270.23	270.59	202.50
81	Mining Finance (4)	205.92	−4.2	15.93	6.51	7.48	214.83	214.45	213.70	216.10	197.37
91	Overseas Traders (20)	423.95	−0.6	12.11	6.93	10.05	426.33	425.23	424.83	426.04	395.00
99	ALL-SHARE INDEX (750)	287.20	—	—	6.22	—	287.21	287.67	285.18	281.65	251.70

FIXED INTEREST PRICE INDICES

	British Government	Thurs., Jan. 29	Day's change %	Wed., Jan. 28	xd adj. today	xd adj. 1981 to date
1	Under 5 years	107.64	+0.24	107.38	—	0.89
2	5-15 years	109.44	+0.31	109.10	—	1.45
3	Over 15 years	113.97	+0.30	113.63	—	0.79
4	Irredeemables	123.23	+0.42	122.70	—	0.00
5	All stocks	110.10	+0.29	109.78	—	0.86

	FIXED INTEREST YIELDS Br. Govt. Av. Gross Red.		Thurs., Jan. 29	Wed., Jan. 28	Year ago (approx.)
1	Low	5 years	11.63	11.69	12.18
2	Coupons	15 years	12.99	13.13	12.28
3		25 years	13.12	13.18	12.14
4	Medium	5 years	13.39	13.50	14.30
5	Coupons	15 years	13.95	13.99	13.50
6		25 years	13.80	13.85	13.23
7	High	5 years	13.59	13.47	14.27
8	Coupons	15 years	14.07	14.11	13.90
9		25 years	13.85	13.89	13.15
10	Irredeemables		11.52	11.57	11.22

		Thurs., Jan. 29 Index No.	Yield	Wed. Jan. 28	Tues. Jan. 27	Mon. Jan. 26	Fri. Jan. 23	Thur. Jan. 22	Wed. Jan. 21	Tues. Jan. 20	Year ago approx.
15	20-yr. Red. Deb. & Loans (15)	52.06	†14.22	52.05	52.05	52.03	52.03	52.02	52.02	52.02	51.63
16	Investment Trust Prefs. (15)	50.69	13.36	50.83	50.65	51.35	51.35	51.35	51.35	51.35	48.16
17	Coml. and Indl. Prefs. (20)	67.92	13.25	68.17	68.10	68.10	68.10	68.10	68.10	67.98	61.94

† Redemption yield. Highs and lows record base dates and values and constituent changes are published in Saturday issues. A new list of the constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 25p.

ACTIVE STOCKS

Stock	Denomination	No. of marks	Closing price (p)	Change on day	1980-81 high	1980-81 low
Racal Electronics	25p	13	310	+ 4	370	175
GEC	25p	9	603	+ 3	620	326
Shell Transport	25p	8	430	—	522	314
Standard Chrtrd.	£1	7	680	—	685	465
BICC	50p	6	183	+ 3	186	95
Boots	25p	6	241	+ 3	258	158
De Beers Defd.	R0.05	6	340	− 8	553	340
GKN	£1	6	135	+ 2	279	133
House of Fraser	25p	6	143	+ 3	152	104
ICI	£1	6	288	+ 2	402	282
Marks & Spencer	25p	6	118	+ 1	121	77
Plessey	50p	6	280	+ 5	285	108
Thorn EMI	25p	6	292	− 2	380	260
Town & City Prps.	10p	6	28¾	+ ¼	31½	16
Turner & Newall	£1	6	70	− 1	142	70

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Jan. 19	Jan. 30	Apr. 30	May 11
Feb. 2	Feb. 13	May 14	May 26
Feb. 16	Feb. 27	May 28	June 8

For rate indications see end of Share Information Service

Call options were taken out in Sheraton Secs., Marks and Spencer, Charter Cons., Loraine, Cons. Gold Fields, Turner and Newall, House of Fraser, Western Areas, Grattan Warehouses, GKN, May and Hassell, Sheckleton Petroleum and Associated Communications. Puts were completed in NatWest, Ultramar, BP and Trusthouse Forte, while Lonrho was dealt in for the double.

RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price p	+ or −	Div. p or Amount	Times Covered	Gross Yield	P.E. Ratio
58	F.P.	5/2	325	290	Amer. Comm. Inds.	290	.....	—	—	—	—
‡100	F.P.	5/2	242½	257	Do. Notes 20%	257	.....	Q20¾	—	24.5	—
610	F.P.	—	655	600	Cramphorn	650	.....	16.5	2.1	3.6	18.8
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Dunton Sp.	[illegible]					
107	F.P.	[illegible]	[illegible]	[illegible]	Independent Inv.	[illegible]					
70	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
100	F.P.	[illegible]	[illegible]	[illegible]	New Tokyo Inv. Tst. 50p	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Parkfield Foundries	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]					
[illegible]	F.P.	[illegible]	[illegible]	[illegible]	Westpool Inv. Ord.	[illegible]					

FIXED INTEREST STOCKS

Issue Price £	Amount Paid Up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price £	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Allied London 8% Cnv. Uns. Ln. 1999	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Chester Waterworks 9% Red. Pref. 1985	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Cornhill 11.5% Cum. Red. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Crystalate 9% Cnv. Uns. Ln. 99-2000	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Anglian Water 9% Red. Pref. 1985	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	East Worcester 9% Red. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Essex Waterworks 9% Red. Prf. 1985	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Finland 14¼% 1986	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Lon. Merchant Secs. 7% Cnv. Uns. Ln.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Mid-Sussex W'wrks 14% Red. Deb.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Ratners 10% Cum. Cnv. Pref.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Rotork 10% Cnv. Uns. Ln. 1990-2000	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Standard Industrial 11½% Pref.	[illegible]	

"RIGHTS" OFFERS

Issue Price p	Amount Paid Up	Latest Renunc. Date	1980-81 High	1980-81 Low	Stock	Closing Price p	+ or −
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Benlox	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Brotherhood P.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Hampton Trust	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Johnson, Matthey	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	KCA Intnl.	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	K. Industrial	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	North Kalgurli Mines	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Norcros	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Prestwich Parker	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Royal Insurance	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Security Centres	[illegible]	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	Warren Plants	[illegible]	

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimate. g Assumed dividend and yield. u Forecast dividend, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1979. Q Gross. T Figures assumed. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price to public. pt Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation, merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters. ★ With warrants. †† Dealings under special Rule. ‡‡ Unlisted Securities Market. †† London Listing. ‡ Resulting from debt settlement scheme. ‖ Units comprising 129 A Ord. & 6 12½% Cum. Pref.

FINANCIAL TIMES STOCK INDICES

	Jan. 29	Jan. 28	Jan. 27	Jan. 26	Jan. 23	Jan. 22	year ago
Government Secs.	69.09	68.85	69.04	68.86	69.08	68.94	67.27
Fixed Interest	70.69	70.57	70.54	70.51	70.67	70.63	68.76
Industrial Ord.	463.1	459.4	467.4	463.9	465.7	457.1	453.3
Gold Mines	281.4	305.6	292.9	287.8	325.4	355.0	329.9
Ord. Div. Yield	7.71	7.76	7.67	7.74	7.88	7.86	7.20
Earnings, Yld. % (full)	17.58	17.50	17.30	17.45	17.77	17.56	17.76
P/E Ratio (net) (*)	7.04	6.99	7.07	7.01	6.88	6.97	6.91
Total Bargains	18,518	20,099	21,641	20,241	17,725	19,976	21,294
Equity turnover £m.	—	111.84	126.85	98.13	129.87	115.89	122.62
Equity bargains total	—	14,865	16,429	15,908	18,027	15,255	16,188

10 am 457.5. 11 am 457.8. Noon 461.4. 1 pm 463.3.
2 pm 463.4. 3 pm 463.3.
Latest Index 01-246 8026.
*Nil=6.56.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Industrial Ord. 1/7/35. Gold Mines 12/9/55. SE Activity July-Dec. 1942.

HIGHS AND LOWS

	1980/81 High	1980/81 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	73.54 (21/7/80)	65.85 (7/1/80)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	74.08 (24/7/80)	64.70 (15/5/80)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	515.9 (21/11/80)	406.9 (3/1/80)	558.6 (4/5/79)	49.4 (26/6/40)
Gold Mines	558.9 (22/9/80)	265.5 (16/6/80)	558.9 (22/9/80)	43.5 (26/10/71)

S.E. ACTIVITY

	Jan. 29	Jan. 28
—Daily— Gilt Edged	107.0	113.5
Industrials	90.2	95.3
Speculative	35.1	35.0
Totals	62.2	66.2
5-day Avrge. Gilt Edged	118.7	119.2
Industrials	94.3	94.0
Speculative	39.5	33.7
Totals	68.1	68.6

NEW HIGHS AND LOWS FOR 1980/81

The following shares quoted in the Share Information Service yesterday attained new Highs and Lows for 1980-81.

NEW HIGHS (44)

BRITISH FUNDS (6)
Treas. 9½pc 1981 · Exchqr. 3pc 1981 · Exchr. 9¾pc 1981 · Treas. 3pc 1982 · Exchqr. [illegible] '82-84 · [illegible]

CORPORATIONS (1)
L.C.C. 5½pc 77-81

COMMONWEALTH LOANS (1)
Aust. 5½pc 81-82

AMERICANS (1)
U.S. Steel

BANKS (1)
Manson Finance

BUILDINGS (1)
Lovell (Y. J.)

STORES (2)
Heelamat · Reed (Austin) A

ELECTRICALS (1)
NSS Newsagents · Lee Refrigeration

ENGINEERING (1)
Hill & Smith

FOODS (4)
Cullen's · Do. A · Matthews (B.) · Morrison (Wm.)

INDUSTRIALS (6)
A.A.H. · Barget · Franklin Mint · Macarthys Pharm. · Wood (T.) · Wilkins & Mitchell

Horizon

PROPERTY (2)
City Offices · Estates Prop. Inv.

TEXTILES (2)
Allied Textile · Hield Brothers

TRUSTS (3)
Fulcrum Cap. · Fundinvest Inc. · G.T. Japan

OVERSEAS TRADERS (2)
Jamaica Sugar

RUBBERS (1)
Kuala Kepong

BEERS (1)
Irish Distillers

BUILDINGS (1)
Benford Conc. Mach.

CHEMICALS (2)
Akzo

STORES (2)
Liberty · Liberty N-V Ord.

ENGINEERING (5)
Bevan (D. F.) · Robinson (T.) · Priest (Ben) · Wood (S. W.)

HOTELS (1)
Swan Hotels

INDUSTRIALS (9)
[illegible]

MOTORS (1)
Bluemel Brothers

MINES (17)
Durban Deep · East Rand Prop. · West Rand · Hartebeest · Brackenr · Vlakfontein · Elsburg · Libanon · Western Areas · Harmony · Grootvlei · Gold Fields S.A. · Anglo-American Inc. · [illegible]

NEW LOWS (49)

BANKS (1)
Algemene

YESTERDAY RISES AND FALLS

	Up	Down	Same
British Funds	65	—	8
Corpns. Dom. and Foreign Bonds	13	—	52
Industrials	198	210	851
Financial and Prop.	95	57	303
Oils	14	21	34
Plantations	4	—	14
Mines	20	67	55
Others	44	49	64
Totals	476	465	1,519

UNIT TRUST SERVICE

OFFSHORE & OVERSEAS—contd.

Frankfurt Trust Investment—GmbH
Neue Mainzer Strasse 74-76, D-6000 Frankfurt
FT-Interzins · Frankfurt. Effekt. Fd.

Free World Fund Ltd.
Butterfield Bldg., Hamilton, Bermuda.
NAV Dec. 31

G.T. Management Ltd.
Park Hse., 16, Finsbury Circus, London EC2
Tel: 01-628 8131
London Agents for: Anchor 'B' Units · Anchor Gilt Edge · Anchor Int. Fd. · Anchor In. Jsy. Tst. · Berry Pac Fd. · Berry Pac Strlg. · G.T. Asia Fd. · G.T. Asia Sterling · G.T. Australia Fd. · G.T. Bond Fund · G.T. Dollar Fd. · G.T. Dir. (Stlg.) Fd. · G.T. Investment Fd. · G.T. Japan Fund · Manamm. · G.T. Technology Fd. · G.T. Pacific Fd. · G.T. Asean Growth Fd.

Gartmore Invest. Ltd. Ldn. Agts.
2, St. Mary Axe, London, EC3.

Gartmore Fund Managers (C.I.) Ltd.
41, Broad St., St. Helier, Jersey
Gilt Fund (Jersey)

Gartmore Fund Managers (Far East) Ltd.
1503 Hutchison Hse., 10 Harcourt Rd. H. Kong
Australian Fd. · HK & Pac. U. Tst. · Japan Fd. · N. American Tst. · Intl. Bond Fund

Gartmore Invest. Mngt. Ltd.
P.O. Box 32, Douglas, IoM.
Gartmore Intl. Inc. · Gartmore Intl. Grth.

Assicurazioni GENERALI S.p.A.
P.O. Box 132, St. Peter Port, Guernsey, C.I.
Sterling Managed Fd.

Granville Management Limited
P.O. Box 73, St. Helier, Jersey
Granville Int. Tst.

Guinness Mahon Fd. Mgrs. (Guernsey)
PO Box 188, St. Peter Port, Guernsey
Intl. Fund · Prices at January 29. Next dealing February 5.

Hambro Pacific Fund Mgmt. Ltd.
2110, Connaught Centre, Hong Kong
Far East Jan. 28 · Japan Fund

Hambros (Guernsey) Ltd./Hambro Fund Mgrs. (C.I.) Ltd.
P.O. Box 86, Guernsey
Capital Reserve Fd. · C.I. Fund · Special Sits. · Intnl. Bond · Int. Equity · Int. Svgs. · Int. Svgs.

Henderson Admin. (Guernsey) Ltd.

Henderson Baring Group
801, Gloucester, 11, Pedder, Hong Kong
Japan Fund · Pacific Fund · Bond Fund

Hill-Samuel & Co. (Guernsey) Ltd.
8 LeFebvre St., St. Peter Port, Guernsey, C.I.
Guernsey Tst.

Hill Samuel Invest. Mgmt. Intnl.
P.O. Box 63, Jersey
H.S. Channel Is. F. · H.S. Overseas Fd. · Crossbow Fd. · ITF Fd. · SFR Fd.

N.V. Interbeheer
P.O. Box 326, Delft, Holland
Esprvalde (ex. Price)

International Pacific Inv. Mgmt. Ltd.
PO Box R237, 56, Pitt St., Sydney, Aust.
Javelin Equity Tst.

Jardine Fleming & Co. Ltd.
46th Floor, Connaught Centre, Hong Kong
Jardine Estn. Tst. · Jardine J'pn. Fd. · Jardine S.E.A. · Jardine Flem. Int. · Intl. Pac. Secs. (Inc.) · Do. (Accum.) · Jardine Gilt Fd.

Kemp-Gee Management Jersey Ltd.
1 Charing Cross, St. Helier, Jersey
Capital Fund · Income Fund · Gilt Bond

Keyser Ullmann Ltd.
25, Milk Street, EC2V 8JE
Central Assets

King & Shaxson Mngrs.
1 Charing Cross, St. Helier, Jersey
Valley Hse., St. Peter Port, Gnsy. · 1 Thomas Street, Douglas, I.o.M.
Gilt Fund (Jersey) · Gilt Fund (Guernsey) · Gilt Fnd. Guernsey · Intl. Govt. Secs. Tst. · First Sterling · First Intl.

Kleinwort Benson Group
20, Fenchurch St., EC3.
Guernsey Inc. · Do. Accum. · K.B. Euro Fund · K.B. Far East Fd. · K.B. Gilt Fund · K.B. Intl. Fund · K.B. Japan Fund · K.B. U.S. Gwth. Fd. · Signet Bermuda · Unifonds (DM)

Kredietbank N.V. (Belgium)
Arenbergstraat 7, B-1000 Brussels
Bond Invest. · Kreditrent

Lazard Brothers & Co. (Jersey) Ltd.
P.O. Box 108, St. Helier, Jersey, C.I.
Lazard Int. Gilt

Lloyds Bk. (C.I.) U/T Mgrs.
P.O. Box 195, St. Helier, Jersey
Lloyds Tst. O'seas · Next dealing February 16.
Lloyds Trust Gilt

Lloyds Bank International, Geneva
P.O. Box 438, 1211 Geneva 11 (Switzerland)
Lloyds Int. Growth · Lloyds Int. Income

M & G Group
Three Quays, Tower Hill EC3R 6BQ.
Atlantic Ex. · Aust. Ex. · Gold Ex. · Island · (Accum Units)

Management International Ltd.
c/o Bank of Bermuda Bldg., Bermuda.
Bermuda Fund

Midland Bank Tst. Corp. (Jersey) Ltd.
28-34, Hill St., St. Helier, Jersey.
Midland Drayton Gilt

Samuel Montagu Ldn. Agents
114, Old Broad St., EC2.
Apollo Fd. · Japfest · 117 Group · 117 Jersey · 117 Jrsy. O's.

Murray, Johnstone (Inv. Adviser)
163, Hope St., Glasgow, C2.
Hope St. Fd. · Murray Fund

Neg. S.A.
10a Boulevard Royal, Luxembourg
NAV Jan. 9

N.E.I. International Ltd.
P.O. Box 119, St. Peter Port, Guernsey, C.I.
Sterling Deposit · Sterling Fixed Interest · Sterling Managed · Dollar Deposit · Dollar Fixed Interest · Dollar Managed

Pacific Basin Fund
10a Boulevard Royal, Luxembourg
NAV

Phoenix International
PO Box 77, St. Peter Port, Guernsey.
Inter-Dollar Fund · Far East Fund · Intl. Currency Fund · Dollar Fxd. Int. Fd. · Sterling Fxd. Int. Fd.

Providence Capitol Life Ass. (C.I.)
PO Box 121, St. Peter Port, Guernsey

Quest Fund Mngmnt. (Jersey) Ltd.
PO Box 194, St. Helier, Jersey.
Quest Stlg. Fxd. Int. · Quest Intl. Secs. · Quest Intl. Bd.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH.
Quilter Heinold

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey.
International Inc. Fd. · Canadian Fund · North American Fd.

Ramtrust Managers Ltd.
P.O. Box 1549, Hamilton, Bermuda.
RAMINCO Jan. 25

Richmond Life Ass. Ltd.
48, Athol Street, Douglas, I.O.M.
(x) The Silver Trust · Richmond Bond 97 · Do. Platinum Bd. · Do. Gold Bd. · Do. Em. 97/02 Bd.

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey.
O.C. Eq. Fr. · O.C. Inc. Fd. · O.C. Intl. Fd. · O.C. Srnco Fd. · O.C. Commodity · O.C. Dir. Comm'dity

Rothschild Asset Mgt. (Bermuda)
P.O. Box 664, Bk. of Bermuda Bld., Bermuda.
Reserve Assets Fd.

Save & Prosper International
P.O. Box 73, St. Helier, Jersey
Fixed Interest Funds · Deutschmark · Intnl. Gr. · Far Eastern · North American · Sepro
Sterling Funds: Channel Capital · Channel Islands · Commod. · St. Fixed
Prices on Jan. 28. Next dealing Feb. 4.

Schlesinger International Mngt. Ltd.
41, La Motte St., St. Helier, Jersey.
S.A.I.L. · S.A.O.L. · Gilt Fd. · Intl. Fd. Jersey · Intl. Fd. Lxmbrg. · Far East Fund

Schroder Life Group
Enterprise House, Portsmouth.
International Funds: £ Equity · $ Equity · £ Fixed Interest · $ Fixed Interest · £ Managed · $ Managed

Schroder Mngt. Services (Jersey) Ltd.
P.O. Box 195, St. Helier, Jersey.
Sterling Money Fd.

J. Henry Schroder Wagg & Co. Ltd.
120, Cheapside, EC2.
Cheap S Jan. 28 · Trafalgar Dec. 31 · Asian Fd. Jan. 26 · Darling Fnd. · Japan Fd. Jan. 22

Sentry Assurance International Ltd.
P.O. Box 326, Hamilton 5, Bermuda
Managed Fund

Singer & Friedlander Ldn. Agents.
20, Cannon St., EC4.
Dekafonds · Tokyo Tst. Dec. 31

Standard Chartered Intl. Bd. Fd.
37 rue Notre-Dame, Luxembourg

Stronghold Management Limited
P.O. Box 315, St. Helier, Jersey.
Commodity Trust

Surinvest (Jersey) Ltd. (x)
Queens Hse., Don Rd., St. Helier, Jsy.
American Ind. Tst. · Copper Trust · Jap. Index Tst.

Surinvest Trust Managers Ltd. (x)
4 Hill Street, Douglas, Isle of Man
The Cott Trust

TSB Unit Trust Managers (C.I.) Ltd.
Bagatelle Rd., St. Saviour, Jersey.
Jersey Fund · Guernsey Fund · Prices on Jan. 28. Next sub. day Feb. 4.

TSB Gilt Fund Managers (C.I.) Ltd.
20 Wharf St., St. Helier, Jersey
TSB Gilt Fund · TSB Gilt Fund (Jsy.)

Tokyo Pacific Holdings N.V.
Intimis Management Co. N.V., Curacao.
NAV per share

Tokyo Pacific Hldgs. (Seaboard) N.V.
Intimis Management Co. N.V., Curacao.
NAV per share

Tyndall Group
P.O. Box 1256 Hamilton 5, Bermuda.
Overseas · (Accum. Units) · 3-Way Int.
2 New St., St. Helier, Jersey
TOFSL · (Accum. Shares) · American · (Accum. shares) · Far East · (Accum. shares) · Jersey Fund · (Non-J. Acc. Uts.) · Gilt Fund · (Accum. Shares)

Victory House, Douglas, Isle of Man.
Managed

Utd. Intl. Mngmnt. (C.I.) Ltd.
14, Mulcaster Street, St. Helier, Jersey.
U.I.B. Fund

United States Tst. Intl. Adv. Co.
14, Rue Aldringer, Luxembourg.
U.S. Tst. Inv. Fnd.

S. G. Warburg & Co. Ltd.
30, Gresham Street, EC2.
Cnv. Bd. Fd. · Eng. Int. Fd. · Gr. St. Fd. · Mercury Eb. Fd.

Warburg Invest. Mngt. Jrsy. Ltd.
1, Charing Cross, St. Helier, Jsy. C.I.
Metals Tst. · TMT · TMT Ltd.

World Wide Growth Management
10a, Boulevard Royal, Luxembourg.
Worldwide Gth. Fd.

Wren Commodity Management Ltd.
10, St. George's St., Douglas, I.o.M.
Wren Commod. Tst.

NOTES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

Abbey Unit Tst. Mngrs. (a)
72-80, Gatehouse Rd., Aylesbury 0296 5941

Abbey Amer. Gth. Tst.	55.2	59.4xd	-0.1	2.44
Abbey Capital	43.5	47.0	.....	5.21
Abbey General	53.0	57.3xd	-0.2	5.37
Abbey Gilt & F.I. Tst.	105.7	111.3xd	+0.2	11.77
Abbey Income	32.2	34.8xd	-0.1	10.09
Abbey W'Wide Bd Tst.	90.9	96.2	+0.7	6.96
Abbey Inv. Tst. Fd.	47.6	51.5	-0.2	4.93
Equitas Prog. Tst.	76.0	82.2	-0.3	4.98

Allen Harvey & Ross Unit Tst. Mngrs.
45, Cornhill, London EC3V 3PB. 01-623 6314

AHR Gilt Trust	88.1	92.7	+0.3	12.94

Allied Hambro Ltd. (a) (g)
Hambro Hse., Hutton, Brentwood, Essex.
01-588 2851 or Brentwood (0277) 211459

Balanced Funds				
Allied 1st	84.6	90.5	-0.5	6.38
Brit. Inds. Fund	73.1	78.2	-0.3	6.83
Growth & Income	48.0	51.4xd	-0.2	5.25
Elect. & Ind. Dev.	41.8	44.7	.....	5.59
Allied Capital	92.5	99.0	-0.1	4.44
Hambro Fund	126.3	135.1	-0.3	6.40
Hambro Acc. Fund	173.7	185.9	-0.1	4.90
Income Funds				
High Yield Fd.	61.1	65.4	-0.3	9.56
High Income	75.3	80.6	-0.1	7.88
A. H. Eq. Inc.	42.5	45.5xd	.....	8.04
Govt. Secs.	25.3	26.0	+0.1	12.04
International Funds				
International	32.8	35.1xd	.....	2.28
Japan Fund	—	25.0	.....	0.25
Pacific Fund	62.4	66.8xd	-0.2	1.23
Secs. Of America	68.2	73.0	-0.1	2.19
Specialist Funds				
Smaller Co.'s Fd.	52.2	55.8xd	.....	4.66
2nd Smlr Co's Fd.	63.6	68.1	-0.1	4.41
Recovery Sits.	130.5	139.6	-0.3	5.44
Met. Min. & C'dty.	63.8	68.3	-0.7	5.56
Overseas Earnings	64.5	69.0xd	.....	5.35
Exempt Funds				
Income Exempt	47.2	49.6xd	-0.3	8.57
Far East Exempt	67.1	69.8	-0.4	1.07
Smaller Co. Exempt	81.3	85.4	.....	4.68
U.S.A. Exempt	115.5	120.1	-0.1	2.71

Anderson Unit Trust Managers Ltd.
158, Fenchurch St., EC3M 6AA. 623 9231

Anderson U.T.	62.2	66.8	.....	4.27

Ansbacher Unit Mgmt. Co. Ltd.
1, Noble St., EC2V 7JA. 01-726 4931

Inc. Monthly Fund	144.0	154.0	.....	12.06

Arbuthnot Securities Ltd. (a)(c)
37, Queen St., London, EC4R 1BY. 01-236 5281

Capital†	32.3	34.5	.....	—
Commodity***	89.8	96.0	-9.4	2.77
(Accumulation)	140.5	150.3	-14.6	2.77
(10% Withdrawal)	67.7	72.4	-7.1	2.77
Eastern & Internatl.†	37.7	40.3	.....	1.00
(6% Withdrawal)	26.6	28.4	.....	1.00
Extra Income	94.7	101.9	+0.1	9.84
(Accumulation)	113.3	121.9	+0.2	9.84
Finance & Property*	24.7	26.4	.....	4.32
Foreign††	126.5	133.2	.....	1.00
Giants	43.1	46.1xd	-0.4	5.22
(Accumulation)	56.5	60.4xd	-0.4	5.22
Gilt & Fixed	43.1	45.2	+0.3	11.88
(Accumulation)	45.6	47.8	+0.3	11.88
Growth	41.5	44.4xd	-0.5	4.71
(Accumulation)	54.7	58.5xd	-0.6	4.71
High Income	35.0	37.4	.....	10.29
(Accumulation)	56.9	60.8	-0.1	10.29
(8½% Withdrawal)	46.3	49.5	.....	10.29
High Yield	44.1	47.5	+0.3	10.72
(Accumulation)	77.3	83.2	+0.5	10.72
North American††	33.6	35.9	.....	1.00
Preference	22.2	23.9xd	.....	13.38
(Accumulation)	43.9	47.3xd	.....	13.38
Smaller Companies*	33.7	35.5	.....	4.96

Dealings. †Tues. *Wed. ††Thurs. ***Friday.

Craigmount Unit Tst. Mgrs. Ltd.
Bucklersbury, London EC4N 8BD. 01-248 4984

High Income	33.1	36.1xd	-0.2	12.46
North American	58.0	62.7	-0.1	2.76
Canadian Exempt*	61.0	64.5	.....	3.62
Canadian Trust	61.5	66.5	-0.1	2.69
Mid Mount High Inc.*	45.9	48.8	.....	9.93
Recovery	57.6	62.9	+0.6	6.84
Gilt Trust	42.8	44.8	+0.1	12.92

*Weekly dealing day Wednesday.

Crescent Unit Tst. Mngrs. Ltd. (a)(g)
4 Melville Cres., Edinburgh 3 031-226 4931

Cres. Amer. Fd.	38.2	41.2	+0.3	0.91
Cres. Internat'l.	72.8	78.6	-0.2	1.83
Cres. High. Dist.	40.9	44.1	-0.1	11.05
Cres. Reserves	48.2	52.0	-0.2	5.53
Cres. Tokyo	30.3	32.7	-0.1	0.96

Darlington Unit Trust Mngt. Ltd.
Bridge Chambers, Barnstaple, Devon 0271 76324

Total Perf. Unit Tst.	24.1	25.6	.....	10.10

Discretionary Unit Fund Managers
36/38 New Broad St, EC2M 1NU. 01-638 4485

Disc. Inc. Jan. 23	218.6	233.2	.....	5.67

E. F. Winchester Fund Mngt. Ltd.
44, Bloomsbury Square, WC1A 2RA 01-623 8893

Great Winchester	16.8	18.6xd	.....	9.03
Gt. Winchester O'seas	25.1	27.9xd	.....	4.01

Emson & Dudley Tst. Mngmnt. Ltd.
28b Albemarle St., W1. 01-493 3211

Emson Dudley Tst.	86.6	92.1	.....	6.00

Equity & Law Un. Tr. M.♥ (a)(b)(c)
Amersham Rd., High Wycombe. 0494 33377

Equity & Law	84.8	89.3	-0.2	4.87

Fidelity International Management Ltd.
62-63 Queen St, London EC4 1AD 01-248 4891

American (z)	31.2	33.6	.....	0.85
Amer. Spec. Sits. (z)	23.9	25.8	+0.1	0.92
Gilt + Fixed Int.	24.7	26.0xd	+0.1	12.36
Growth + Income	29.6	31.9	.....	7.76
Maximum Inc. Eq. Tst.	24.8	26.7	.....	9.57
Special Sits.	36.4	39.2	-0.2	2.02

James Finlay Unit Trust Mngt. Ltd.
10-14, West Nile Street, Glasgow 041-204 1321

J. Finlay Internat'l	34.5	37.1	.....	2.37
Accum. Units	42.8	46.0	.....	2.37
J. Finlay High Income	33.9	36.4	.....	10.51
Finlay Wld. Energy	18.4	19.8	+0.1	1.55
Accum. Units	23.7	25.5	+0.1	1.55
J. Finlay Fd. In. Tst.	37.4	40.2	.....	5.19
Accum. Units	47.3	50.9	.....	5.19

Prices on January 28. Next dealing January 28.

Framlington Unit Mgt. Ltd. (a)
64, London Wall, EC2M 5NQ. 01-628 5181

Amer. & Gen.	70.0	74.8	+0.2	0.89
Am. T'around	64.2	68.6	+0.2	1.75
Capital Tst.	56.8	60.6	-0.2	5.50
(Accum. Units)	59.2	63.2	-0.2	5.50
Extra Income Trust	45.4	48.4xd	-0.4	11.24
Income Tst.	37.4	39.8	.....	8.74
Int. Growth Fd.	57.6	61.6	-0.4	1.87
(Accum. Units)	61.8	66.0	-0.4	1.87

Friends' Provdt. Trust Mgrs. (a) (b) (c).
Pixham End, Dorking. 0306 5055

Friends Prov. Units	58.6	62.6	+0.3	4.69
Do. Accum.	84.3	90.1	-0.5	4.69

Funds In Court*
Public Trustee, Kingsway, WC2. 01-405 4300

Capital Jan. 15	136.7	136.9	.....	5.11
Gross Inc. Jan. 15	75.3	77.8xd	.....	12.21
High Yield Jan. 15	89.4	92.2	.....	11.28

*Unauth. Restricted to monies under Court control.

G.T. Unit Managers Ltd.♥
16, Finsbury Circus, EC2M 7DJ. 01-628 8131

G.T. Cap. Income	138.2	148.6	.....	3.20
Do. Acc.	175.4	188.5	.....	3.20
G.T. Inc. Fd. Un.	194.0	208.6	.....	8.70
G.T. U.S. & Gen.	185.2	199.1	.....	1.90
GT Wld. Bd. Fd.	92.2	96.0	.....	6.30
G.T. Japan & Gen.	99.1	106.5	.....	1.30
♦Gt. Pens. Ex. Fd.	321.5	338.4	.....	2.10
G.T. Int'l. Fund	228.7	245.9	.....	2.10
G.T. Four Yds. Fd.	49.7	53.4	.....	7.10
G.T. Far East & Gen.	94.1	101.1	.....	1.40

G. & A. Trust (a) (g)
5 Rayleigh Road, Brentwood (0277) 227300

G. & A.	40.8	43.6	-0.1	5.34

INSURANCE PROPERTY BONDS

OFFSHORE & OVERSEAS FUNDS

Continued on previous page

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

INTERNATIONAL BANK

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

94	82¼	Aust. 5½pc '81-82	94	+¼	5.97	12.83
85¼	72½	Do. 6pc 1981-83	84½	+¼	7.18	13.10
67¾	58	N.Z. 7¼pc 1988-92	64½	+½	11.33	13.53
82¼	72	Do. 7½pc '83-86	78½	+¼	9.66	13.47
98	88	Sth. Africa 9½pc '79-81	97¾	+¼	9.95	15.91
160	95	S. Rhod. 2½pc Non-Ass.	119	......	—	—
50	31	Do. 3½pc 80-85 Asstd.	45	......	8.13	24.70
32	20½	Do. 4½pc 87-92 Asstd.	26xd	......	17.30	23.60
381	270	Zimbabwe Ann (C100pa)	363	+8	—	25.03

LOANS

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

CANADIANS

[illegible]

10½	570p	Hawker Sid. Can.‖	785p	−20	96c	—	4.3
22⅝	12⅞	Hollinger $5	16⅝	−⅛	$2.20	—	4.6
11⅛	812p	Hudson's Bay ‖	890pxd	−30	‡$1.20	—	4.7
14¼	765p	Hud.B.Oil G. $2½	815p	......	57.5c	—	2.5
21⅞	11⅛	Imperial Oil‖	12¼	+⅛	$1.40	—	4.0
14	765p	Inco‖	775p	−15	$US72c	—	3.9
565p	425p	Int. Nat. Gas $1	500p	+10	$1.00	—	7.0
495p	135p	Massey Ferg.‖	200p	+5	—	—	—
200p	97p	Place Gas $1	103p	−3	—	—	—
14⅞	10½	Rio Algom	11⅛	+⅛	$1.50	—	4.7
•21¼	14¼	Royal Bk.Can. $2	19⅞xd	−½	$2.88	—	5.1
27½	15⅞	Seagram Co. C$1	23⅛	−⅛	US$1.40	—	2.5
13⅞	890p	Tor. Dom. Bk. $1	11¼xd	−⅛	$1.52	—	4.7
10½	750p	Trans Can. Pipe	870p	+15	$1.16	—	4.7

BANKS AND HIRE PURCHASE

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

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DRAPERY AND STORES

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INSURANCE—Continued

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TOBACCOS

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RUBBERS AND SISALS

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TEAS

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Sri Lanka

[illegible]

Africa

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Finance

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Australian

[illegible]

Tins

[illegible]

Copper

260	139	Messina R0.50	170	-5	[illegible]	[illegible]	[illegible]

Miscellaneous

High	Low	Stock	Price	+ or −	Div. Net	Cvr	Y'ld Gr's
320	78½	Anglo-Dominion	245	-3	—	—	—
97	43	Bashan	57	.	—	—	—
17	12	Burma Mines 10p	15½	.	0.62	1.1	5.8
445	57	Colby Res. Corp.	253	-4	—	—	—
592	220	Cons. Murch. 10c	220		030c	1.9	7.8
180	75	††Hemerdon 10p	77	+2	—	—	—
225	50	Highwood Res.	155	-5	—	—	—
585	325	Northgate C$1	325		—	—	—
436	302	R.T.Z.	330	-13	16.0	3.2	6.6
£115	£95½	[illegible]	£95½	-2½	[illegible]	—	[illegible]
138	91	††SPO Metals 10p	132	+2	—	—	—
58	26	Sabina Inds. C$1	34	-1	—	—	—
41	30	††SWCM 10p	34	+1	—	—	—
650	411	Tara Expln. $1	500	......	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- Figures or report awaited.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Dealt in under Rule 163(2)(a); not listed on any Stock Exchange and not subject to any listing requirements.
- Dealt in under Rule 163(3).
- Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividends or forecasts.
- Merger bid or reorganisation in progress.
- Not comparable.
- Same interim: reduced final and/or reduced earnings indicated.
- Forecast dividend; cover on earnings updated by latest interim statement.
- Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- Excluding a final dividend declaration.
- ** Regional price.
- ‖ No par value.

§§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital; cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend; cover based on previous year's earnings. v Tax free up to 30p in the £. w Yield allows for currency clause. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1981-82. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1980-81. K Figures based on prospectus or other official estimates for 1979-80. M Dividend and yield based on prospectus or other official estimates for 1980. N Dividend and yield based on prospectus or other official estimates for 1981. P Figures based on prospectus or other official estimates for 1980-81. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xR ex capital distribution.

REGIONAL MARKETS

The following is a selection of London quotations of shares previously listed only in regional markets. Prices of Irish issues, most of which are not officially listed in London, are as quoted on the Irish exchange.

Albany Inv. 20p	39	..	**IRISH**		
Bertam	14		Con. 9¾% 80/82	[illegible]	..
Bdg'wtr. Est. 50p	537		Nat. 9¾% 84/89	[illegible]	[illegible]
Craig & Rose £1	[illegible]		Fin. 13% 97/02	[illegible]	[illegible]
Fife Forge	41		Alliance Gas	56	
Finlay Pkg. 5p	29		Arnott	225	
Graig Ship £1	£19		Carroll (P. J.)	77	
Higsons Brew.	73		Concrete Prods.	[illegible]	
Holt (Jos.) 25p	260		Heiton (Hldgs.)	32	
I.O.M. Stm. £1	169		Ins. Corp.	[illegible]	
Pearce (C. H.)	670		Irish Ropes	[illegible]	
Peel Mills	60		Jacob	[illegible]	
Sheff. Refrshmt.	95		T.M.G.	26	
Sindall (Wm.)	130		Unidare	[illegible]	

OPTIONS

3-month Call Rates

Industrials					
		I.C.I.	28	Utd. Drapery	6½
A. Brew	7	"Imps"	7	Vickers	14
BOC Intl.	9	I.C.L.	9	Woolworth	5
B.S.R.	4½	Invresk	3		
Babcock	12	Ladbroke	34	**Property**	
Barclays Bank	40	Legal & Gen.	20	Brit. Land	8
Beecham	15	Lex Service	9	Cap. Counties	11
Blue Circle	30	Lloyds Bank	26	Land Secs.	35
Boots	20	"Lots"	5	MEPC	20
Bowaters	20	London Brick	5	Peachey	2
B.A.T.	35	Lucas Inds.	30	Samuel Props.	15
Brown (J.)	6½	"Mams"	20	Town & City	2¼
Burton	10	Mks. & Spncr.	9		
Cadburys	6	Midland Bank	32	**Oils**	
Courtaulds	6	N.E.I.	7	Brit. Petroleum	36
Debenhams	8	Nat. West. Bank	32	Burmah Oil	19
Distillers	17	P. & O. Dfd.	12	Charterhall	11
Dunlop	7½	Plessey	15	K.C.A.	[illegible]
Eagle Star	22	Racal Elect.	32	Premier	10
F.N.F.C.	3½	R.H.M.	4	Shell	40
Gen. Accident	30	Spillers	16	Tricentrol	34
Gen. Electric	59	Reed Intnl.	12	Ultramar	46
Glaxo	22	Sears	4½		
Grand Met.	14	Tesco	5½	**Mines**	
G.U.S. "A"	42	Thorn	33	Charter Cons.	20
Guardian	32	Trust Houses	18	Cons. Gold	45
G.K.N.	26	Tube Invest.	28	Lonrho	10
Hawker Sidd.	30	Unilever	59	Rio T. Zinc	45
House of Fraser	15	U.D.T.	4½		

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 32

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FINANCIAL TIMES
Friday January 30 1981

Move to slash U.S. foreign aid

BY JUREK MARTIN, U.S. EDITOR, IN WASHINGTON

MR. DAVID STOCKMAN, the radical Conservative budget director in the Reagan Administration, has proposed that U.S. foreign aid be slashed by more than a third and that military assistance be given priority over economic and financial aid.

Clear differences of opinion surfaced inside the Administration over the proposal made in an internal discussion document drawn up for budget cutting purposes.

It proposes reducing foreign aid by about a third, severely *reducing and in some instances,* ceasing U.S. contributions to the *international development* banks and giving military and bilateral *assistance priority over* multilateral operations.

But yesterday Mr. Donald Regan, Secretary of the *Treasury, described* the Stockman Paper as "a proposal not a policy." He appeared to align himself with Mr. Alexander Haig, the Secretary of State in arguing that foreign aid was "a very tricky question with many inter-relationships we have to consider."

Mr. Regan said that U.S. contributions to the International Development Association (the soft loan arm of the World Bank) which, under the Stockman programme, would be cut in half, involved formal commitments entered into by a previous Administration.

The IDA replenishment Bill was held up in Congress last year and Mr. Reagan said the Reagan Government's position on it would be made known next month.

The Stockman Paper urges that in the 1982 fiscal year, *starting in October, foreign* economic and financial aid be *cut from the $8bn proposed in* President Carter's final Budget to about $5.5bn.

It proposes that the U.S. halve its promised $3.24bn contribution over three years to the sixth replenishment of the IDA. The first year's payment was not authorised by Congress last year, though the Carter administration resubmitted the request before it left office.

The paper recommends that the U.S. simply cease paying its annual contributions to the general capital increase to the World Bank, internationally agreed in 1979, raising the bank's capital from $40bn to $80bn.

The U.S. was due to pay $600m over five years to the *bank — equivalent to 7½ per* cent of its contribution — but *because Congress has yet to* pass implementing legislation, no funds have been paid in.

Other multilateral development banks would fare as badly, or even worse. The paper advises that the U.S. revoke its pledge of funds to the African Development Bank and phase *out contributions to the Inter-*American and Asian Development Banks.

The ideological tone of the paper is even more bluntly put in the recommendation that the U.S. pull out of the United Nations Education, Scientific and Cultural Organisation (UNESCO) because of its "pro-PLO policies and its support for *measures limiting the free flow* of information."

Mr. tockman *advises eliminat*ing concessionary U.S. loans to poor countries *for purchases* of U.S. food. The U.S. would *divert surplus food instead to* established charity organisations.

This proposal would reduce by *nearly $700m bilateral* U.S. assistance programmes administered by the Agency for International Development, and cut the Peace Corps by 25 per cent.

Airfix told by bankers to call in receivers

By David Churchill, Consumer Affairs Correspondent

AIRFIX *INDUSTRIES*, *the* troubled Dinky and Meccano toy manufacturer, was yesterday forced by its bankers to call in receivers.

The move followed the suspension yesterday of the company's shares at 8p.

The decision to call in receivers came after 10 days of efforts by Airfix's financial advisers to restructure the group and reduce its heavy bank borrowings.

But a set of proposals was rejected by Airfix's bankers *late on Wednesday night.* Since Airfix had exceeded its *agreed borrowing limits* — believed to be £17.5m—it was *given no option but to call in* receivers.

Ernst *and Whinney* was appointed and yesterday *began reviewing the company's trading operations.* The *receivers' intentions are to* sell the group's component businesses — *ranging from* model railways and plastic model kits to traditional die-cast model cars and construction *kits*—*as going concerns.* Airfix currently employs a total of 2,400 people.

Mr. Ralph Ehrmann, Airfix chairman, said yesterday that the operating companies in themselves were viable, but "it was the weight of central debt that was holding the group down."

Airfix's bank borrowings at the end of its last financial year to March 31, 1980, were £23.3m but were reduced to £17.5m by the closure of its Meccano factory in Liverpool in December 1979 and the sale of its profitable plastics companies late last year.

In the six months to end September last year, Airfix produced an interim loss of £2.35m on turnover down to £11.3m against a profit of £525,000 on turnover of £11.8m in the comparable period of 1979.

Until recently, Airfix had remained optimistic about trade prospects this year and says its latest December trading was its best ever.

***But the toy trade in general* is more pessimistic about *prospects on the eve of the an*nual toy trade fair which *opens at London's Earls Court* tomorrow.**

Mirror of recession, Page 10

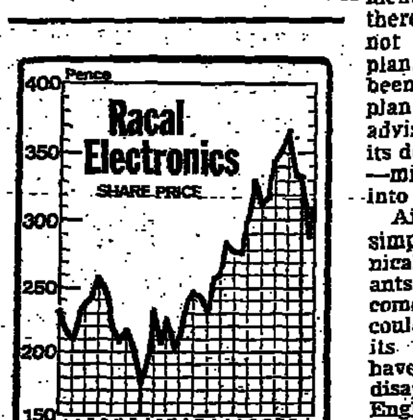
THE LEX COLUMN

Decca still jams Racal's signal

After attracting a good level of subscriptions at tender, Exchequer 12 per cent Convertible 1985 made a sparkling debut as a tap stock yesterday. The Government Broker was able to supply at three prices, the stock closed at a ½ point *premium to its issue price and* it may well sell out this morn*ing. Even the large 1999 stock* is stirring—it is now only ¼ *point below its tap price.*

Dollar deposit rates were *easing yesterday,* which is good news for international bond prices, but *it was not enough to* prevent a further fall in the gold price, this time to below $500. Equities in London were a little more confident, in line with gilt-edged, but there are still some very nervous *spots among heavy* industrial shares, notably that of Duport, which halved to 7p.

Index rose 3.7 to 463.1



Racal

Racal rallied the faithful at a big presentation in London *yesterday,* and left them full of hopes of glittering progress *in the future.* The present, though, is rather dull. Profits *before tax in the half-year to* October are just 5 per cent *higher at £26.5m—and* that thanks in part to the fact that the period *has been* extended by eight working days.

The explanation, of course, is that Decca's problems are a lot *greater than anyone realised* when Racal forked out £106m to acquire *the group in April.* Decca's attributable losses in the year *before the acquisition* turned out to be £19.7m, and in the latest *half-year it has lost* £5.2m, of which £3.1m came *from the capital goods side.*

Marine radar is posing big *problems, losing about £5m on* sales of roughly £15m. The busi*ness has been pruned heavily,* and its losses could be cut to *maybe £2m in the current half* year, when the capital goods *division as a whole is expected* to make a profit. But the TV *side could lose £4½m over the* year, and Decca as a whole could be as *much* as £5m in the red.

So Racal's profits per share *will* stagnate this year, even though the original group will probably be up by more than a fifth at the pre-tax level. The big growth is coming from tactical radios, where there has been a very sharp recovery from last year's poor performance. The strategic side, which makes equipment for long range fixed and transportable use, is temporarily going through a dull phase. But Racal is looking for sales growth next year of 25 per cent and more on the radar side as a whole, where annual turnover is now running at about £150m.

The other big business, data communications, still seems to be growing at about 20 per cent a year. And Racal says a threatened lawsuit in the U.S. has been blown up out of all proportions.

Next year, Racal hopes to eliminate TV losses and to start making a proper return on Decca's defence business, where orders have risen by as much as a half over the last year to £110m. Overall, Decca is expected to make a "significant" contribution to profits on sales of maybe £175m. This is why analysts are already pencilling in a nice round £100m pre-tax for group profits in 1981-82, compared with—say—£75m this year and £63.6m in 1979-80.

Their confidence is based on Racal's marvellous track record, and is reflected in a market capitalisation of £825m and a prospective dividend yield of little more than 2 per cent at 310p. The fact remains, though, that the group has geared itself up highly to acquire a troubled and loss making business. Racal's net worth is only £163m, and its borrowings are around £120m. If al goes to plan, £20m or more could be shaken out of Deca's property and its TV inventories, and a high level of retentions would quickly knock the balance-sheet back into shaped. But the current share *price leaves no margin for dis*appointment.

Airfix

Airfix Industries has been high on the City's sick list for months, and yesterday, after two years of mounting losses, it was finally put into receivership.

It had reached an agreement for new loan ceilings midway through last year, and a formal agreement was drawn up in November. But subsequent trading—over the vital Christmas period—has not followed the lines laid down in the agreement, in particular stocks and therefore borrowings have just not come down according to plan. No one seems to have been very enthusiastic about the plan put forward by Airfix's advisers under which some of its debt—possibly totalling £30m—might have been converted into equity.

Airfix has not been deserted simply because it was in technical breach of its loan covenants, but because the banks had come to the conclusion that it could not have traded out of its position—borrowings may have steadied, but equity was disappearing. The Bank of England's role seems to have been not to plead for an indefinite stay of execution, but to make sure that the group was not closed down by one or two banks breaking ranks on a technicality and putting in a liquidator, rather than a receiver.

Toys are by no means a strategic industry, but the withdrawal of support from Airfix rather spoils the myth of indefinite patience on the part of bankers, with the Bank of England twisting arms hard in the wings. A lot of companies have certainly reached the stage where they are dependent on exceptional, and perhaps increasingly conditional, banking support. Yesterday the outgoing chairman of Thomas Borthwick was telling his AGM that new facilities had been arranged "in principle" and that Borthwick intended to propose a debt restructuring plan to its bankers. The case of Airfix seems to suggest that the banks will not be keen to take equity as part of such a plan.

Negretti & Zambra

Negretti and Zambra, the ailing scientific instruments maker, has managed to find a private sector fairy godmother to replace the National Enterprise Board whose powers have waned so badly under the Conservative Government. In 1978 the NEB bought a 30 per cent stake in Negretti for over £1m, shouldering aside the eager rival investor from the private sector, Equity Capital for Industry. Now, however, the NEB is cutting its losses and departing, and although ECI is curiously absent from the scene, the pull of high technology in the post-Wilson Report climate has encouraged institutional investors to move in with a bid through a vehicle called Western Scientific. Meantime, Negretti's serious losses continue.

Banks act to ease Turkish loan

By Metin Munir in Ankara

SIXTEEN international banks have agreed to a Turkish request to ease repayment terms of a $3.2bn (£1.3bn) commercial loan by prolonging its maturity.

Mr. Turgut Ozal, the Turkish deputy Prime Minister, was told yesterday that the group of 16 banks leading the loan had agreed to extend the maturity from seven to 10 years, and the grace perid from three to five.

The banks refused to reduce the spread from 1.75 per cent over the six-month London inter-bank offered rate to the 1.50 *per cent* sought by the Turks.

The banks told Mr. Ozal that their decision would become *effective only* when all 240 foreign banks involved in the *loan agreed to the restructur*ing and advised Mr. Ozal to *ask other banks to mediate between* Turkey and the group.

*At the time of the restructur*ing of Turkey's debts in 1979 *the Turks employed the so-*called "Triad" comprising Lazards, *Warburgs and Kuhn* Lock Lehman Brothers.

There is a total of about $2.4bn of debts arising from the so-called convertible *Turkish* lira deposits; $436m of bankers' credits; and $406m of new money loan.

If re-structuring is accepted by all, Turkey will be free from the burden of servicing the debt until the middle of 1984, the year Mr. Ozal hopes the Turkish economy will complete its recovery.

David Tonge writes in London: Bankers involved in the talks confirm the broad details released by the Turks, but warn that a number of hurdles have still to be cleared. The matter is not totally cut and dried," one sai dlast night, adding that the banks had suggested further discussions with the Turks.

Racal lifts first-half profits to £26.5m despite Decca loss

BY GUY DE JONQUIERES

RACAL ELECTRONICS increased its pre-tax profits to £26.5m (£25.2m) in the six months to October 10, in spite of a £5.2m loss on the Decca businesses it acquired last spring.

Mr. Ernest Harrison, chairman, forecast yesterday that the Decca capital goods operations, which lost £3.1m in the first half, would move back into profit during the second half and show a small loss for the year as a whole.

*But losses on Decca's con*sumer side, which reached *£2.1m in the first half,* were likely to continue and were *expected to total about £4.5m* for the whole year.

Mr. Harrison hoped for an agreement soon on the sale of Decca's television manufacturing operation, the main source of the losses on consumer goods. Racal has been negotiating on the sale for several months with Tatung, a big Taiwanese electronics and electrical company.

The sale would improve Racal's liquidity by about £16m. The company hoped to raise a further £8m by selling Decca's London headquarters building, for which no buyer has yet been found.

Mr. Harrison also disclosed that a U.S. appeals court had reduced to $3.3m damages of $39m which a lower court had previously awarded Decca in a patents violation case it had brought against the U.S. Government.

He said sales by Decca's capital goods operations would rise to £135m this year and £175m next year, when they would make a "significant" contribution to group profits. That contribution would be substantial the following year.

Racal's results for the first half of last year have been restated to show what they would have been if Decca had been part of the group then. The calculation reduces pre-tax profits to £23.4m from the £25.3m originally reported.

The group also announced yesterday that Racal companies had won contracts worth £25m. The biggest, for £14m, is for the supply of radar components for the Rapier anti-aircraft missile system.

Details, Page 22

Most of £1bn gilt stock sold

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MOST OF the new £1bn convertible gilt-edged stoc khas been sold, following aggressive buying by investors when dealings *started yesterday.*

More than half the stock — 12 per cent Exchequer Convertible 1985 — was hold at the tender on Wednesday and demand was strong from the start yesterday.

The Government Broker sold stock at prices of between £40¼ and *£40½, although probably* only a small amount at the latter price. The issue closed at £40⅜ per cent in its partly-paid form and stockbrokers believe that onl ya small amount *is left unsold.*

The sales of the 1985 stock, *together with further payments* on earlier issues, will have a *favourable impact on the mid-*February money supply figures *due to be announced on Budget* day, March 10.

The market has been encouraged by the decline in *short-term interest rates* and the implication that the demand for *credit is easing.*

Three-month interbank rate—*a key influence on the cost of* part of the clearers' deposits—was *last night quoted at 13⅞* per cent (a drop of ⅛ of a point on the day), compared with 14¼ per cent last week.

The decline in three-month rates below Minimum Lending Rate of 14 per cent is a significant pointer to future trends of *interest rates.* But the timing of any cut in MLR is still highly *uncertain.*

The choice appears to be between waiting for the Budget —and all Chancellors like to *announce good news* — or reducing MLR if the mid-*January monetary figures* are favourable. Preliminary indi*cations of these figures will be* known to the authorities in *about* a week and they *are* due to be published on Tuesday week.

Move to increase redundancy fund

BY CHRISTIAN TYLER, LABOUR EDITOR

THE GOVERNMENT faces further political embarrassment *over unemployment* to-day when it tables a Bill with the *aim of preventing* the *national* redundancy payments fund *from running out.*

The Redundancy Fund Bill, 1980, seeks to raise the fund's statutory borrowing limit from £40m to a *figure not yet dis*closed, but which could be as much as £200m if the fund is to be kept solvent for another 12 months.

This measure seems certain to be seized upon by the Opposition as evidence that the Government is understating the true extent of unemployment.

The fund, provided out of employers' National Insurance contributions, is said to have reached a record surplus of £102.5m in November last year. By the end of December it was down to just under £70m and it has been falling at the rate of £20m a month since. Now, it is virtually exhausted.

Before tabling a Bill to increase the fund's borrowing limit at the Treasury, Mr. James Prior, Employment Secretary, will have considered two other solutions: to raise employers' National Insurance contributions again, or to reduce the rebate that the fund gives to employers when they pay out statutory redundancy money.

Both these options appear to have been rejected as politically undersirable.

The fund was last in deficit in 1976 after the last big labour *shake-out,* but not, it appears, to the same extent as now. The *borrowing limit was* subsequently set at £40m by the Employment Protection (Consolidation) Act.

Last year the fund paid out £242m to employers, which *qualify for a rebate of 41* per cent of their liability under the State scheme. Notified *redund*ancies totalled 491,400 last year, compared with *186,800 in* 1979. The December figure was *an estimated 45,000 compared* with 16,800 for the same month *of 1979.*

Westinghouse settles with Gulf Oil

By Paul Betts in New York and Paul Cheeseright in London

THE billion dollar uranium *cartel litigation involving* Westinghouse Electric, the U.S. power equipment *manufac*turer, and 25 U.S. and foreign *uranium producers yesterday* showed signs of crumbling.

*Westinghouse reached an out-*of-court setlement with Gulf *Oil and its subsidiary* Gulf Minerals Canada, two companies *at the centre of the lit*igation and the international legal disputes which the cartel case set off.

Westinghouse has already reached out of court settlements with Getty Oil and Homestake Mining, two U.S. *uranium producers named as* defendants.

Hearing of the main case in Chicago next September is in*creasingly unlikely, trade diplo*mats said.

They noted that this would mean companies in the Rio *Tinto-Zinc group of* London are unlikely to face claims for damages. They are among the foreign companies named in the Chicago litigation, bu have refused to accept the jurisdiction of the U.S. courts and have been declared in default. This could still lead to damage claims after the main hearing.

Gulf's agreement involves paying Westinghouse $25m in cash. It will also provide *13m lbs of uranium to* electical utilities under contract to *Westinghouse. But if the terms* of this supply cannot be settled, *there is an option for Gulf to* supply Westinghouse with 6m *of the 13m lbs at a discounted* price.

Westinghouse will receive 10 per cent of the first $500m in revenues obtained by Gulf under these supply contracts and 5 per cent of the second $500m.

Continued from Page 1

Nissan plan

would damage the prospects of other hard-pressed UK-based car-makers such as Talbot and Vauxhall.

Imports were taking well over half of new car sales in Britain, *and there was an opportunity to* reduce this with "Japanese *cars built by British people.*"

Nissan already sells about 100,000 Datsun cars a year in Britain, and its 6 per cent *market share would clearly rise* once UK production began.

There would still be a substantial number left for export to the Continent.

The group has been looking for sites on Humberside, in the North-East, South Wales and Merseyside. Early indications are that Teesside could be the first choice.

Continued from Page 1

Favourable response

project could be a real "morale booster" for industry. But the Government should seek firm *guarantees on the sourcing of* components from the UK.

Mr. Grenville Hawley, Transport and General Workers *Union automotive secretary,* said there was no space in the UK market *"for anyone to* increase the number of vehicles for sale in the UK."

In Brussels, EEC Commission officials said the Nissan venture risked being seen as a "Trojan horse" not only by other EEC member states but also by the European Commission.

They made it plain that any British Government financial aid *for the Nissan project,* even if confined to standard regional *development grants,* would permit Brussels to scrutinise *the deal and perhaps veto the* funding.

The Commission is already concerned that the project could aggravate the crisis in the European motor industry.

Continued from Page 1

Suarez

it is seen as a major act of reconciliation.

The king's trip has provoked *deep discontent within the* military, especially as Sr. *Suarez proposed that the king* should offer an amnesty to *some 120 members of ETA,* the militant Basque separatist *organisation.* Some members of the armed forces are reported to have ruled out such a move.

All these elements combined this week to provide Sr. Suarez with the necessary personal reasons and political justification to resign. Politicians of all three main parties contacted last night said, however, that they believed his resignation to be a tactical one.

Two names were being *canvassed last night as potential* new Prime Ministers. The *first was Sr. Leopoldo Calvo* Sotelo, aged 54, and one of *the two deputy Prime* Ministers with responsibility for the economy.

The second was Sr. Agustin *Rodriguez* Sahagun, aged 49, the Minister of Defence.

Weather

UK TODAY

MILD. Generally cloudy with some fog, but sunny intervals *in S. and W.*

London, S.E., S.
Cloudy with occasional drizzle, sunny intervals later. Max. 9C (48F).

East Anglia, Midlands, E., N., N.E., N.W.
Dull with occasional drizzle. Max. 8C (46F).

S.W. England, Wales, Channel Isles
Cloudy with some sunny intervals. Max. 10C (50F).

Borders, S.W., N.W. Scotland, N. Ireland
Mostly cloudy with occasional rain later. Max. 8C (46F).

Highlands, N.E. Scotland
Sunny intervals, becoming *cloudy with rain later. Max.* 7C (45F).

Outlook: *Mostly dry in S.* Changeable with rain at times *in N. Temps. near normal.*

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	11	52	L. Ang.†	C	10	50
Algiers	C	15	59	Luxmbg.	S	1	34
Amsdm.	C	6	43	Luxor	F	20	68
Athens	F	7	45	Madrid	F	7	45
Bahrain	F	19	66	Majorca	C	12	54
Barclna.	C	9	48	Malaga	C	10	50
Beirut	S	17	63	Malta	F	10	50
Belfast	S	8	46	M'chstr.	C	5	41
Belgrd.	C	−4	25	Melbne.	F	23	73
Berlin	C	3	37	Mx. C.†	—	—	—
Biarritz	S	13	55	Miami†	F	12	54
Bmghm.	C	6	43	Milan	S	3	37
Blackpl.	—	—	—	Montrl.†	C	−13	9
Bordx.	S	9	48	Moscow	C	−2	28
Boulgn.	F	8	46	Munich	C	−8	18
Bristol	C	7	45	Nairobi	F	28	82
Brussels	C	5	41	Naples	C	6	43
Budpst.	F	3	37	Nassau	—	—	—
Cairo	S	17	63	Newcstl.	C	11	52
Cardiff	C	7	45	N York†	C	2	36
Cas'b'ca	C	19	66	Nice	S	11	52
Cape T.	S	25	77	Nicosia	T	10	50
Chicg.†	F	−11	12	Oporto	F	17	63
Cologne	S	2	36	Oslo	Fg	−1	30
Cpnhgn.	R	2	36	Paris	S	4	39
Corfu	S	10	50	Perth	S	28	82
Denver†	F	−4	25	Prague	C	−4	25
Dublin	S	10	50	Rcykjvk.	C	0	32
Dbrvnk.	S	7	45	Rhodes	R	7	45
Ednbgh.	C	9	48	Rio J'o†	—	—	—
Faro	F	13	55	Rome	S	8	46
Florence	S	10	50	Salzbrg.	S	−3	27
Frankft	S	−1	30	S F'cisc†	R	8	46
Funchal	S	18	64	S. Moritz	—	—	—
Geneva	S	−1	30	Singapr.	—	—	—
Gibraltar	C	13	55	S'tiago†	—	—	—
Glasgow	C	9	48	Stckhm.	C	2	36
G'nsey	S	8	46	Strasbg.	Fg	−4	25
Helsinki	S	1	34	Sydney	C	23	73
H. Kong	C	18	64	Tangier	F	18	64
Innsbrk.	S	−7	19	Tel Aviv	S	16	61
Invrnss.	F	11	52	Tenerife	S	20	68
I.o.Man	C	8	46	Tokyo	S	8	46
Istanbul	F	6	43	T'ronto†	F	−9	16
Jersey	S	7	45	Tunis	C	10	50
J.'burg	F	22	72	Valencia	C	9	48
L. Plms.	S	19	66	Venice	S	3	37
Lisbon	S	13	55	Vienna	S	0	32
Locarno	S	4	39	Warsaw	C	−1	30
London	C	7	45	Zurich	C	−5	23

C—Cloudy. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures.

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